

FEDERAL GRANTS NEWS

for Colleges and Universities

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Expansion of FDP Grant Terms and Conditions Limited to FDP Agency Awards

The Office of Science and Technology Policy (OSTP) and the Office of Management and Budget (OMB) have decided to limit the scope of their 2005 proposal to adopt the Federal Demonstration Partnership (FDP) terms and conditions as the standard for all federal research and related awards. Instead of all agencies, the directive will extend to nonprofits and academic grantees that receive grants from FDP agencies only.

The original policy directive, published in 70 Fed. Reg. 4159 (Jan. 28, 2005), endorsed a recommendation by the National Science and Technology Council's Committee on Science and requested comments from both the grantee community and federal granting agencies. The grantee community strongly endorsed the expansion, but the agencies expressed concern about legal requirements. Only 10 agencies participate in the FDP (see box, p. 2), and other agencies have legal requirements that must be included in grant terms and conditions that are not in the current FDP documents. In addition, the government is still working to move all agency policies to 2 CFR, and the outcome may result in more standardization. For these reasons, the government decided to scale back its recommendation.

OSTP and OMB intend to publish a *Federal Register* notice announcing use of the FDP terms and conditions by the 10 FDP agencies for research and related awards to all university and nonprofit organizations. The limited scope directive is seen as an interim solution. ✧

Agency Representatives Brief Colleges And Universities on Grant Activities

The February meeting of the Federal Demonstration Partnership (FDP) served as the forum for a number of government offices and agencies to update the attendees on their activities affecting the grants process. A common theme for the speakers was the level of use of Grants.gov for funding announcements and proposal submissions.

AFOSR. The Air Force Office of Scientific Research (AFOSR) reported that the office is changing the deadline for the annual technical report. The deadline currently is September 1; the change will move the deadline to the annual anniversary date of the grant. AFOSR also said it will make changes in its Broad Agency Announcement (BAA) as it progresses toward use of Grants.gov for proposal submission.

ARO. The Army Research Office (ARO) plans to use the government Web-based system, iEdison, for invention reporting, perhaps as early as February 2006, according to the ARO representative. The representative asked institutions with information on previous ARO-funded inventions to upload that information into iEdison — if this can be accomplished easily. ARO will be making an official announcement of this transition in the near future.

DOE. The Department of Energy (DOE) told the FDP audience that the department intends to require applicants to submit proposals for its discretionary

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programs through Grants.gov during this fiscal year. The goal for the Grants.gov submissions is 75 percent or more. The DOE also told attendees that the Energy Policy Act of 2005 (Pub. L. 109-58), had given the agency "other transactions authorities." These authorities become effective Mar. 15, 2006, but will only be applied to those programs where for-profit companies are part of the award.

EPA. The Environmental Protection Agency (EPA) noted that it has adopted an informal policy of allowing institutions a little leeway if there are problems in their Grants.gov proposal submissions. Currently, that policy allows for a couple more hours to complete the submission.

NASA. The National Aeronautics and Space Administration (NASA) will post 75 percent of its funding opportunities and accept the proposals through

The 10 FDP Agencies

- ◆ National Science Foundation (NSF)
- ◆ National Institutes of Health (NIH)
- ◆ Office of Naval Research (ONR)
- ◆ Department of Energy (DOE)
- ◆ Department of Agriculture (USDA)
- ◆ Air Force Office of Scientific Research (AFOSR)
- ◆ Army Research Office (ARO)
- ◆ Army Medical Research and Material Command (AMRMC)
- ◆ National Aeronautics & Space Administration (NASA)
- ◆ Environmental Protection Agency (EPA)

Grants.gov during this fiscal year, thus meeting the government's required goal. NASA confirmed that NASA-specific PureEdge forms have been tested and approved, and they are on schedule for Grants.gov implementation.

NASA also acknowledged the difficulties many institutions are having receiving payments on NASA awards. The source of the payment problems, according to the spokesperson, is the consolidation of systems within NASA. He assured attendees that the agency is working hard to resolve the issues and become up to date on payments to awardees.

NIH. The National Institutes of Health (NIH) reported on a number of topics, including the recent announcements concerning funding policies for the fiscal year. NIH will fund noncompeting awards at 97.65 percent of the recommended funding level and will adjust future year commitments at the same level. With respect to competing awards, NIH will fund them at the same average cost as in FY 2005. Because there is no central NIH policy on increases in competing renewal awards, each institute establishes its own policy. As they are released, the policies are posted at <http://grants1.nih.gov/grants/financial/index.htm>.

NIH also reported that the salary cap for FY 2006 is \$183,500. NIH continues to work toward implementation of a policy on multiple investigators and will conduct a pilot with a request for application (RFA) beginning in May. Finally, the pilot study on shortening the review cycle for new investigators is beginning.

NSF. The National Science Foundation (NSF) announced that it is studying the feasibility of implementing a "no-budget" proposal pilot program. If implemented, no detailed budget would be required on those programs under the pilot. NSF would request a full budget once the proposal is recommended for funding.

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ONR. The Office of Naval Research (ONR) will meet the 75 percent requirement for submission of proposals through Grants.gov in FY 2006. The office will use the SF 424 (R&R) only; it will not require any ONR-specific forms.

USDA/CSREES. The Department of Agriculture Cooperative State Research, Education, and Extension Service (CSREES) announced that it is continuing its staged implementation of Grants.gov. Testing is proceeding on schedule, and CSREES has partnered with five institutions to use Grants.gov's "Apply" for most of the CSREES program applications in FY 2006. CSREES expects to provide all applicants with the electronic option to submit proposals for all programs in FY 2007.

CSREES also has been piloting a second "no-cost extension" with select FDP organizations for more than one year. The pilot has been successful, and CSREES plans to formally announce the availability of a second automatic no-cost extension to all grantee organizations. Some limitations will be imposed on this second extension; for example, awards will not be able to continue beyond statutory limits imposed by regulation. ↪

HHS and NSF Announce FY 2006 Audit Work Plans

Both the Department of Health and Human Services' Office of Inspector General (HHS OIG) and the National Science Foundation's OIG (NSF OIG) have published their FY 2006 audit work plans. Although it is likely that the OIGs will have to delay many of the initiatives to audit funds distributed to assist the hurricane victims, the list of audit targets provides an important heads-up to the grantee community.

National Institutes of Health

The HHS OIG work plan includes five NIH audits affecting colleges and universities:

(1) NIH Monitoring of Extramural Conflicts of Interest. The HHS OIG plans to inspect the effectiveness of NIH monitoring of external grantees' compliance with 42 CFR Part 50, which requires institutions to certify that they maintain a written, enforced policy on conflicts of interest. Grantees also are required to report the existence of conflicts of interest to NIH and assure that the interest has been managed, reduced, or eliminated. The inspection also will determine whether conflicts of interest have affected federal and public interest and whether the current definition of "significant financial interest" adequately protects researchers from conflicts of interest.

Country-of-Birth Proposal Dropped

In mid-January, the Department of Commerce announced that it has abandoned its plan that would have made the country of birth, rather than country of citizenship, the determinant in the access of foreign researchers to sensitive technology. While this is good news to the university community, there does not yet appear to be a resolution to another troubling area of the rule change proposed by Commerce. That area is the requirement that institutions restrict access by foreigners to equipment that is subject to export controls unless a license is obtained. It is unknown when the final rule will be announced.

(2) Level of Commitment. The HHS OIG will determine whether universities have committed more than 100 percent of principal investigators' effort when applying for NIH grants and whether this resulted in inflated effort in grant awards. Because NIH considers the investigator's role in making its funding decisions, a promise of more effort than is available could affect the quality of research.

(3) Subrecipient Costs and Monitoring. The HHS OIG will expand its review of grantee compliance with subrecipient monitoring. In reviews at three institutions the HHS OIG found that grantees are not adequately complying with provisions in OMB Circulars A-110 and A-133. These provisions require grantees to monitor subawards and subrecipient costs. Grantee monitoring during and after the award is expected to include site visits, review of performance and financial reports, and risk assessments.

(4) University Administrative and Clerical Salaries. OMB Circular A-21 states that administrative and clerical salaries usually should be treated as indirect costs. There are instances, however, where direct charging of these costs may be appropriate if the nature of the work requires extensive support. The HHS OIG will determine whether colleges and universities have charged these costs appropriately.

(5) Cost Transfers. The HHS OIG will audit this area to determine the allowability of cost transfers, whether cost transfers are supported by documentation that explains how the error occurred, and whether a responsible grantee official certified the new charges. During recent NIH on-site visits, as well as prior inspections by the HHS OIG, investigators have found cost-transfer policies and procedures to be nonexistent, incorrect, or confusing, and many cost transfers were either unallowable or not properly documented. The

HHS OIG already has conducted pilot audits in most, if not all, of these areas and because of its findings, it is expanding these audits to additional institutions. The HHS OIG already has briefed its field offices on these topics, and institutions should expect cost-transfer questions during contract closeout audits.

National Science Foundation

The NSF OIG also has announced its intent to audit the following risk areas:

Effort Reporting. These audits will examine major recipients of NSF funding for compliance with the requirements related to time-and-effort reporting.

Science and Technology Centers (STCs). The NSF OIG will perform audits of two STCs to determine whether awardees have adequate financial systems to safeguard NSF funds, properly account for payments and expenditures, and comply with award requirements, including cost sharing. A performance audit also will assess program management.

General Audits of Grantees. New and continuing audits will be performed at various universities and non-profit and for-profit entities to determine whether NSF funds are being safeguarded and accounted for and whether the grantees are complying with NSF award requirements, such as cost sharing obligations and the appropriate application of F&A (indirect) cost rates.

A-133 Audit Quality Control Reviews. Two institutions will have quality control reviews conducted on their A-133 audits. ♦

RBM Updates FDP on Conflict-Of-Interest Uniform Policies

One of the initiatives of the Office of Science and Technology Policy's Research Business Models (RBM) subcommittee is the development of a consistent federalwide core policy on conflict of interest (COI).

At the recent Federal Demonstration Partnership meeting, Dr. Belinda Seto of the National Institutes of Health reported on the initiative's progress. Seto is member of the RBM working group that was formed to build on the present National Science Foundation (NSF) and Public Health Service (PHS) COI policies by harmonizing inconsistencies in definition, applicability, and operating procedures. The working group also will attempt to preserve for institutions the flexibility to adopt more stringent measures as needed, particularly with respect to clinical research.

Seto pointed out that the 1995 NSF and PHS policies have many common denominators but differ in critical areas, including procedural requirements, applicability, reporting requirements, time of disclosure, and flow-through to subawardees.

In the near future, the working group will issue a request for information seeking public comment on a number of issues, including a COI definition, threshold for applicability, reporting requirements, and institutional COI risk-assessment policies. ♦

SHORT TAKES

Grants.gov Continues Improvements. At meetings of both the federal Electronic Grants Forum and the Federal Demonstration Partnership, representatives from Grants.gov updated attendees on the developments. Grants.gov reports that it is actively working on the MacIntosh solution and that the Citrix temporary fix, which was developed with NIH, became available in late December. The goal for a permanent application that can be used by non-PC users remains November 2006.

Grants.gov continues to make improvements to its architecture, and current refinements within Grants.gov include a rewrite of automatic messages received in the submission process, which makes them easier to understand, as well as a revision of the screens listing proposals submitted by the institution to make individual proposal identification easier.

Electronic Subcontracting Reporting System Launched. Those institutions that receive contracts and are required to develop small business subcontracting plans have a new electronic submission reporting system available to them: the eSRS. The eSRS was developed as a result of the President's Management Agenda for Electronic Government. It is designed to streamline the process of reporting on subcontracting plans by eliminating the need for paper submissions of the SF 294 (Individual Subcontracting Report) and the SF 295 (Summary Subcontracting Report). To submit the reports electronically, the user logs onto the eSRS Web site—www.esrs.gov/index?cck=1#top. After the agency reviews the reports, it will inform institutions via e-mail whether or not the reports have been accepted.

The eSRS Web site includes training materials and an FAQ on its use.