July 8, 2014

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Subject: Federal Register/ Vol. 79, No. 90/ Friday, May 9, 2014 (p.26779)
Comments to the 2014 DRAFT Proposal and Awards Policies and Procedures Guide (PAPPG)

Dear Ms. Plimpton:

Thank you for offering the opportunity to comment on NSF’s draft implementation plan for the Uniform Guidance. The University of Minnesota endorses the Council on Governmental Relation letter of July 1, 2014 and in addition, offers the following comments:

Part 1: Grant Proposal Guide

Chapter II: Proposal Preparation Instructions

Page II.17. indicates that “Foreign subrecipients are not eligible for indirect cost recovery unless the subrecipient has a previously negotiated rate agreement.”

U of M response. The phrase above is inconsistent with the Uniform Guidance’s section 200.331, which allows for a 10% MTDC de minimus rate. The ability to apply the 10% MTDC de minimus rate is correctly spelled out on the following page (II.18) in the indirect cost section. It would be helpful to have the first reference corrected to avoid confusion.

Page II.18. Indirect Cost indicates ... ‘Except as specifically identified in an NSF program solicitation, the applicable indirect cost rate(s) negotiated by the organization with the cognizant negotiating agency must be used in computing indirect costs (F&A) for a proposal.

U of M response: We would like to take this opportunity to thank NSF for its clear and unambiguous statement in its proposed implementation plan about the need for pass-through entities to honor their subrecipient’s negotiated F&A rate. NSF’s well-articulated position on this supports full cost recovery.
Part II Award & Administration Guide

Chapter II: Grant Administration

E. Record Retention & Audit

6. All awards issued by NSF meet the definition of Research and Development at 2 CFR 200.87. As such, auditees should identify NSF awards as part of the R&D Cluster on the Schedule of Expenditures of Federal Awards (SEFA).

U of M Response: The CFDA number for NSF awards is provided to the Grantee at the time of award by on the Award Notice. The CFDA number provided by NSF is a CFDA that falls into a cluster category as outlined in the compliance supplement. If a CFDA number isn’t defined in a category the guidance is to report the CFDA by function. At a macro level, institutions plan and review their portfolio’s by mission (function); teaching, training, research, public service, etc. Institutionally, function is defined by how the activity (transaction) accomplishes the mission of the university. For example, awards with the primary function of training would not fall under the mission of research at our institution. Our financial statements summarize all our mission activity by function. Our SEFA is reconciled to the Financial Statements as required. Requiring the institution to arbitrarily report activity as part of the R&D Cluster when institutionally we have defined the activity as another function will cause additional reconciliation steps and ongoing “reporting discrepancies”.

Chapter III: Financial Requirements & Payments

E. Award Financial Reporting Requirements – Final Disbursement Reporting

U of M Response - We applaud NSF for the great partnership created with Universities through the implementation of the ACMS system and the replacement of the FFR and Cash Request Function. The single system point of entry and acknowledgement and new understanding that the amount drawn equates to amount spent is a great step in moving to a streamlined and more efficient financial process.

We encourage NSF to critically consider the closeout process as described in the COGR letter.

Expanding Funds - not addressed in guide

U of M Response – The process around expiring funds isn’t addressed in the guide. While we are now notified that certain funds are expiring there isn’t guidance provided on options that a University can employ to manage the funds. Federal agencies differ in the amount of individual guidance provided and at times we are unsure if a methodology described for one agency should be used for another agency.
Should you have any questions, please do not hesitate to contact Assistant Controller Sue Paulson at spaul@umn.edu or me at pwebb@umn.edu.

Sincerely,

[Signature]

Pamela A. Webb
Associate Vice President for Research Administration

Cc: Sue Paulson