

**Harty, William P.**

---

**From:** cogr-l-request@usc.edu on behalf of COGR <cogr@usc.edu>  
**Sent:** Wednesday, November 26, 2014 4:21 PM  
**To:** cogr-l@usc.edu  
**Subject:** [cogr-l] Dear Colleagues Note from the COFAR

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Below is a note from the COFAR released this afternoon. Following the note are the FAQs that have been updated. COGR's initial view is that the FAQs revisions are a positive development. We will confirm our understanding on the intent of these revisions with COFAR personnel after the Thanksgiving Holiday. Thank you for your patience as do our review and we wish everyone a Happy Thanksgiving!

Colleagues, FYI, we have made revisions and updates to the following FAQs: 110-3 Effective Dates and Disclosure Statements (DS-2s); 110-5 Effective Dates, Applications, and DS-2s; and 431-1 Fringe Benefits and Indirect Costs. In addition, we made an edit to the lead-in paragraph to the FAQs. The updated FAQs are on line at <https://cfo.gov/cofar/>

### **.110-3 Effective Dates and Disclosure Statements (DS-2s)**

#### **When may institutions of higher education (IHEs) begin to submit revised DS2s based on the Uniform Guidance?**

IHEs subject to the requirements of section 200.419 should begin after December 26, 2014 to revise their DS-2 statements for fiscal years beginning on or after December 26, 2014. IHE's with CAS covered-contracts meeting the dollar threshold (currently \$25 million in aggregate) in 48 CFR 9903.202-1(f) should submit their revised DS-2 as soon as possible after 12/26/2014, but in any event no later than prior to the award of a CAS-covered contract or subcontract. In addition, IHE's making voluntary changes in cost accounting practices other than those required in the Uniform Guidance or submitting indirect cost rate proposals that are currently due should submit their DS-2 (or revised pages of the DS-2 for changes that are not extensive) 6 months before the effective date of proposed changes. IHEs that do not meet the CAS covered contract threshold or are not submitting indirect cost rate proposals and that are only revising their DS-2 to meet the requirements of the Uniform Guidance do not need to submit their revised DS-2 unless requested to do so by their cognizant agency for indirect costs. If not requested by the cognizant agency for indirect costs to submit by an earlier date, the DS-2 must be submitted with the next submission of the IHE's indirect cost rate proposals. The cognizant agency for indirect costs will determine if a review and approval is necessary for the submitted DS-2.

### **.110-5 Effective Dates, Applications, and DS-2s**

#### **May IHEs submit applications that are inconsistent with their DS-2 statement if that application is made in order to reflect the Uniform Guidance? For example: May IHE's submit applications with budgets that include administrative support or computing devices in the proposal budget?**

Yes. All awards made on or after 12/26/2014 will be made according to the new uniform guidance, and applications for Federal awards that would be granted after that date should reflect the new guidance. The new guidance will apply to new Federal awards made after that date and, if a Federal awarding agency considers its incremental funding actions to be opportunities to change terms and conditions on previously made awards, the new guidance will apply to that Federal awarding agency's incremental funding actions also. DS-2 statements that need to be revised to reflect new policies should be revised as soon as possible after 12/26/2014. Non-Federal entities will not be penalized for discrepancies between their approved DS-2 and actual charging practices in accordance with the new uniform guidance, provided that an updated DS-2 (consistent with actual charging practices) has been revised and submitted in accordance with FAQ .110-3.

## **.431-1 Fringe Benefits and Indirect Costs**

**Will the COFAR consider deleting the requirement in 200.431(b)(3)(i) and 200.431(e)(3) that fringe benefits be charged as indirect costs when the non-Federal entity is using a cash basis of accounting?**

Yes. Based on the COFAR's recommendation, OMB will issue a technical correction with the Uniform Guidance implementing regulations to delete the requirement that indirect costs be used to charge payments of unused leave, worker's compensation, unemployment compensation, severance pay, and similar employee benefits.

David Kennedy  
Director, Cost Policy - COGR  
1200 New York Ave. NW, #750  
Washington, DC 20005  
(202) 289-6655, ext. 112  
[dkennedy@cogr.edu](mailto:dkennedy@cogr.edu)