

## Harty, William P.

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**From:** cogr-l-request@usc.edu on behalf of COGR <cogr@usc.edu>  
**Sent:** Friday, December 12, 2014 10:18 AM  
**To:** cogr-l@usc.edu  
**Subject:** [cogr-l] COGR Readiness Guide to the UG and DS-2 Update  
**Attachments:** COGR\_Readiness\_UG\_Dec12\_2014.pdf

Attached is the COGR Readiness Guide. We have noted this version as the DECEMBER 12, 2014 VERSION. We expect to update this after the Final Version of the Uniform Guidance is released, after we have reviewed Agency implementation plans, and after updated Research Terms and Conditions are available. We expect the UG and Agency plans to be released within the next week and the RTCs later in January.

Also, we are actively engaged with OMB regarding the process and expectations associated with revising and submitting the DS-2. The points below represent COGR's current assessment of the situation and are based on OMB's intent to relieve anxiety associated with updating the DS-2. However, we realize these points may raise new questions and we will work closely with OMB over the next week, and beyond, to provide updated guidance.

Please contact COGR staff if you have questions and we will keep you posted on all developments.

### Revising and Submitting the DS-2:

- 1) OMB is releasing an updated, New DS-2 form, which should be available in January. Our understanding is that the New DS-2 form will be very similar to the old version, and we hope to have an opportunity to comment/review before it is released.
- 2) The New DS-2 form, ultimately, is where DS-2 revisions should be made, rather than submitting letters of revision to your cognizant agency for indirect costs. However, if you have specific questions applicable to your institution, it may be appropriate to contact your cognizant agency.
- 3) Most of you have begun revising your existing DS-2s. You should continue doing so. However, there may be a copy and paste exercise you need to complete to transfer text to the New DS-2 form.
- 4) The expectation is the New DS-2 should be a "living document" that is regularly updated when you make an applicable change in accounting practice. Once the New DS-2 is available, we believe the expectation will be for institutions to complete a first version of the New DS-2 within 30 to 60 days after the release of the New DS-2 form. This first version of the New DS-2 should be kept-on-file at the institution, and as described above, treated as a living document.
- 5) The New DS-2 should be submitted according to the triggers specified in FAQ .110-3 (for most, this will be at the time of your next F&A rate proposal). This means that many of you will have the New DS-2 sitting on the shelf for a year or more before you submit it to your cognizant agency.
- 6) While COGR has not presented this idea to OMB, we are contemplating a proposal that the existing DS-2 be retired and represent policies and practices prior to the UG, and that the New DS-2 represent a prospective, post-UG implementation document. We believe this would minimize the burden of the revision process.
- 7) While COGR remains frustrated that we are the only stakeholder subject to the DS-2 requirement, the "win" out of this process is that institutions can implement changes that are allowed in the UG immediately without the need for approval by the cognizant agency. The one expectation, again, is that institutions should treat the New DS-2 as a living document that accurately reflects their current accounting practices, even if it has not been submitted.
- 8) Finally, as the cognizant agencies have been relieved of the burden of receiving stacks and stacks of revised DS-2s,

we think they will be in a better position to approve those accounting changes that require an approval. However, for the most part, the DS-2 approval process has been uncertain for the past ten years, and exactly how the approval process will work under the UG may still be a work in progress.

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