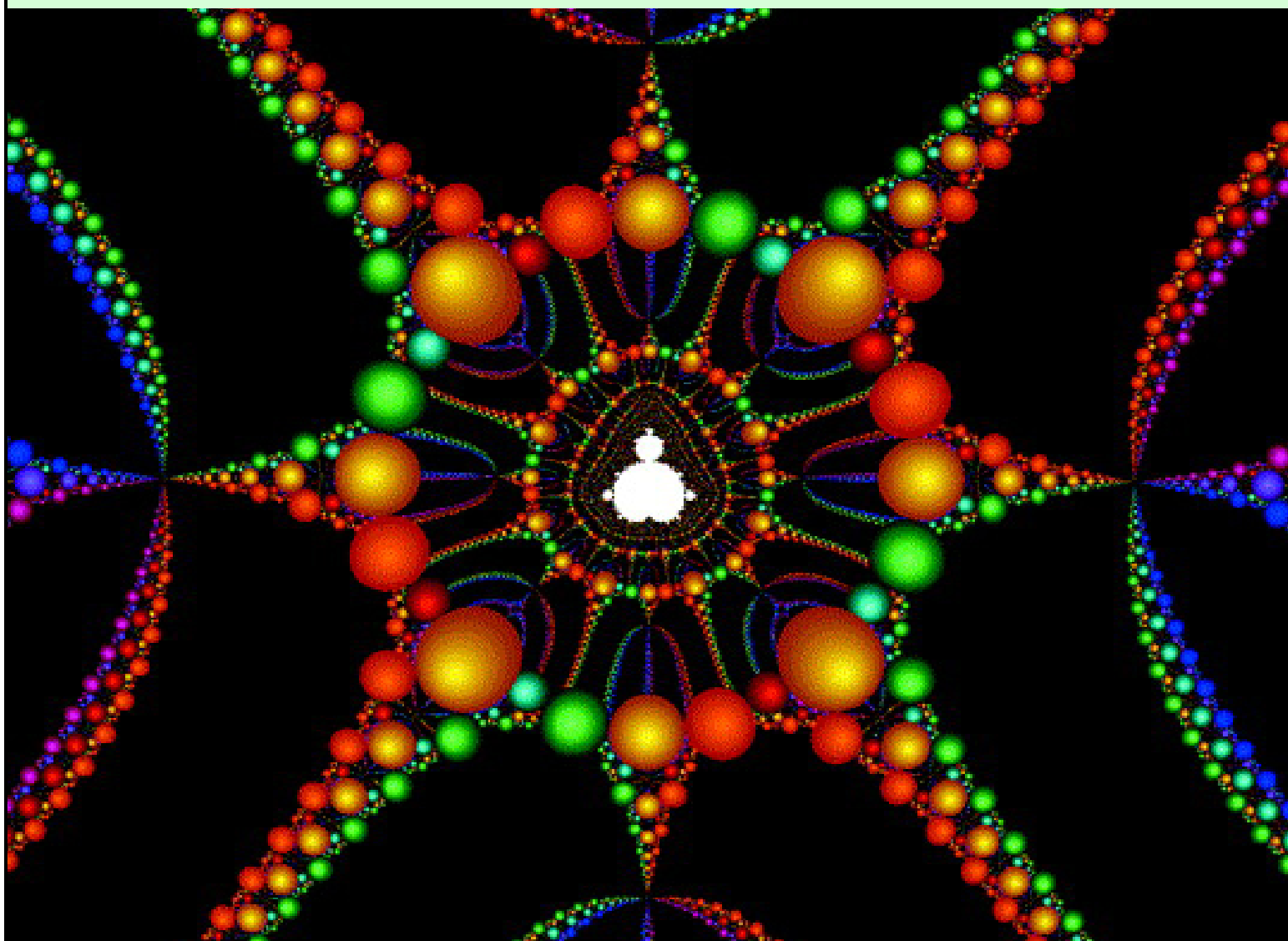


THE NATIONAL SCIENCE FOUNDATION



PROSPECTIVE NEW AWARDEE GUIDE



Effective Date: January 25, 2016

About the National Science Foundation

The National Science Foundation (NSF) is an independent Federal agency created by the National Science Foundation Act of 1950, as amended (42 USC 1861-75). The Act states the purpose of the NSF is “to promote the progress of science; [and] to advance the national health, prosperity, and welfare by supporting research and education in all fields of science and engineering.”

NSF funds research and education in most fields of science and engineering. It does this through grants and cooperative agreements to approximately 2,000 colleges, universities, K-12 school systems, businesses, informal science organizations and other research organizations throughout the U.S. The Foundation accounts for about one-fourth of Federal support to academic institutions for basic research.

NSF receives over 50,000 proposals¹ each year for research, education and training projects, of which approximately 11,000 are funded. In addition, the Foundation receives several thousand applications for graduate and postdoctoral fellowships. The agency operates no laboratories itself but does support National Research Centers, user facilities, certain oceanographic vessels and Antarctic research stations. The Foundation also supports cooperative research between universities and industry, U.S. participation in international scientific and engineering efforts, and educational activities at every academic level.

NSF welcomes proposals from all qualified scientists, engineers and educators. The Foundation strongly encourages women, minorities, and persons with disabilities to participate fully in its programs. In accordance with Federal statutes, regulations, and NSF policies, no person on grounds of race, color, age, sex, national origin, or disability shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving financial assistance from NSF, although some programs may have special requirements that limit eligibility.

Grantees are wholly responsible for conducting their project activities and preparing the results for publication. Thus, the Foundation does not assume responsibility for such findings or their interpretation.

NSF has Text Telephone (TTY) and Federal Information Relay Service (FIRS) capabilities that enable individuals with hearing or speech impairments to communicate with the Foundation about NSF programs, employment, or general information. TTY may be accessed at (703) 292-5090 and (800) 281-8749, FIRS at (800) 877-8339. The NSF Information Center may be reached at (703) 292-5111.

Privacy Act and Public Burden Statements

The information requested on proposal forms and project reports is solicited under the authority of the National Science Foundation Act of 1950, as amended. The information on proposal forms will be used in connection with the selection of qualified proposals; project reports submitted by awardees will be used for program evaluation and reporting within the Executive Branch and to Congress. The information requested may be disclosed to qualified reviewers and staff assistants as part of the review process; to applicant institutions/grantees to provide or obtain data regarding the proposal review process, award decisions, or the administration of awards; to government contractors, experts, volunteers and researchers and educators as necessary to complete assigned work; to other government agencies needing information as part of the review process or in order to coordinate programs; and to another Federal agency, court or party in a court or Federal administrative proceeding if the government is a party. Information about Principal Investigators may be added to the Reviewer file and used to select potential candidates to serve as peer reviewers or advisory committee members. See Systems of Records, NSF- 50, "Principal Investigator/Proposal File and Associated Records," 63 Federal Register 267 (January 5, 1998), and NSF-51, "Reviewer/Proposal File and Associated Records," 63 Federal Register 268 (January 5, 1998). Submission of the information is voluntary. Failure to provide full and complete information, however, may reduce the possibility of receiving an award.

Public reporting burden for this collection of information is estimated to average 120 hours per response, including the time for reviewing instructions. Send comments regarding this burden estimate and any other aspect of this collection of information, including suggestions for reducing this burden, to: Suzanne H. Plimpton, Reports Clearance Officer; Division of Administrative Services; National Science Foundation; Arlington, VA 22230.

¹ For the purposes of this Guide, the term “proposal” is interchangeable with the term “application.”

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Section A: Overview and Basic Information

1. Overview

Each proposing organization that is new to the National Science Foundation (NSF) or has not had an active NSF assistance award within the previous five years should be prepared to submit basic organization and management information and certifications, when requested, to the applicable award-making division within the Office of Budget, Finance and Award Management (BFA). The information contained in the *NSF Prospective New Awardee Guide* will assist your organization in preparing the documents which NSF requires to conduct administrative and financial reviews. This Guide also serves as a means of highlighting the accountability requirements associated with federal awards.

You should read this Guide in its entirety since it contains helpful information for preparing documents requested and for understanding the requirements of managing a federal award. Please note that it is your responsibility as a prospective awardee² to ensure that the documents submitted are a fair and accurate representation of the administrative and/or financial position of your organization. NSF will assess the organization's administrative and financial capabilities based upon the documentation provided. Missing, incomplete or inadequate information may result in proposal declination.

2. Federal Requirements

In addition to complying with all NSF regulations, recipients of NSF awards are required to comply with all applicable federal requirements set forth in 2 CFR §200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. ALL prospective NSF awardees are encouraged to familiarize themselves with the information contained within 2 CFR §220 *as soon as possible*. Links to these regulations may be found on the NSF website at <http://www.nsf.gov/bfa/dias/caar/index.jsp>.

For-profit organizations and small businesses should continue to use the Federal Acquisition Regulations (FAR) Subpart 31.2 to determine the types of costs that may be considered allowable uses of federal grant funds. However, please note that Chapter III of the *NSF Award and Administration Guide* (AAG) implements the financial management systems requirements prescribed by 2 CFR §200.302 on all types of recipients of NSF grants, including for-profit commercial organizations and small businesses.

3. NSF Points of Contact and Frequently Asked Questions

Many of the questions frequently asked by prospective new awardees are addressed in this document; therefore we recommend that you read this Guide in its entirety. The following NSF Divisions assist in the awarding process to new NSF awardees, and individual program websites may provide additional information that you may find helpful. If you still need additional assistance, please contact the applicable award-making division noted below.

Division of Grants and Agreements (DGA)

Website: <http://www.nsf.gov/bfa/dga/index.jsp>

The Division of Grants and Agreements (DGA) supports the issuance of NSF assistance awards and provides stewardship across the continuum of non-large facility awards from pre-award through closeout. DGA supports a diverse set of stakeholders including grantees, NSF Directorates and others within the national scientific research and education communities, and maintains a leadership role in the federal grants arena. In carrying out NSF's primary mission of providing basic research support, DGA interacts on a continuing basis with academic and non-academic institutions, private industry, state and local governments, and other Federal agencies. DGA is responsible for the business, financial and administrative review of all recommended grants, most cooperative

² For the purposes of this Guide, the term "awardee" is interchangeable with the term "grantee."

agreements³ and other assistance awards and assuring that they are consistent with applicable policies, regulations, directives and fund certifications.

Grants & Agreements Officers are responsible for issuing all amendments and certain post award prior approvals under these awards, for monitoring awardee compliance with the terms and conditions of the awards, and for the administration and closeout of these awards.

Division of Acquisition and Cooperative Support (DACS)

Website: <http://www.nsf.gov/bfa/dcca/index.jsp>

The Division of Acquisition and Cooperative Support (DACS) provides acquisition and cooperative agreement award support for the Foundation. The Contracts Branch is responsible for planning, solicitation, negotiation, award and administration of research and research support contracts for NSF. The Cooperative Support Branch (CSB) is responsible for planning, solicitation, negotiation, award and administration of cooperative agreements for FFRDCs, major research facilities, and various science, technology, engineering and education center programs. CSB provides cooperative agreement management and oversight for supported multi-institutional and international programs. This includes key participation and input on NSF project advisory teams, business process reviews and redesign, risk assessments, financial and administrative assistance to all stakeholders and on-site support for large research facilities and FFRDCs.

Division of Institution and Award Support (DIAS) - Cost Analysis and Audit Resolution Branch (CAAR)

Website: <http://www.nsf.gov/bfa/dias/caar/index.jsp>

DIAS staff in the Cost Analysis and Audit Resolution (CAAR) Branch perform cost analyses and resolve audit findings pertaining to the allowability, allocability, and appropriateness of costs claimed under all NSF awards, including grants and cooperative agreements. CAAR responsibilities include the performance of accounting system reviews, financial capability reviews, budget reviews, and award monitoring and business assistance. CAAR also negotiates indirect cost rates for organizations that have numerous Federal awards where NSF provides the preponderance of funding.

Division of Financial Management (DFM) – Cash Management Branch

Website: <http://www.nsf.gov/bfa/dfm/cmeab.jsp> (please contact the Accountant assigned to your state)

The Division of Financial Management (DFM) is responsible for the financial policy and financial management of NSF. The division is responsible for NSF's financial reporting, grantee business office relationships and payment of vendors. The Cash Management Branch of DFM is available to assist grantee financial and business officials in matter of payment and financial reporting.

Please see AAG Chapter III for additional information regarding financial requirements and payments.

Large Facilities Office (LFO)

Website: <http://www.nsf.gov/bfa/lfo/index.jsp>

The NSF's Deputy Director for Large Facility Projects (DDLFP) and supporting staff (the Large Facilities Office, or LFO) are the NSF's primary resource for all policy or process issues related to the development, implementation, and oversight of Major Research Equipment and Facilities Construction (MREFC) projects, and are the NSF-wide resource on project management. The DDLFP has the institutional authority and resources to effectively develop mandatory policies, which are approved by Senior Management, for all phases of large facility construction and retirement. The DDLFP is consulted on all policy issues relating to large facility development.

³ The Division of Acquisition and Cooperative Support (DACS) is responsible for negotiation, award, and administration of cooperative agreements for FFRDCs, major research facilities, and various science, technology, engineering and education center programs.

Section B: Grantee Standards

1. Financial Viability

NSF performs financial capability reviews to determine whether a prospective awardee has adequate financial resources (or the ability to obtain such resources), to perform under the terms of the award. The evaluation of the financial capability of a prospective awardee is of particular importance and will require more detailed analysis where the prospective awardee:

- Is a new entity,
- Has not had any ongoing awards with NSF within the preceding 60 months (five years), or
- Is known to be experiencing financial difficulties.

In addition to submission of financial statements, these organizations could be requested to provide:

- Latest available interim financial statement (or “year-to-date” financial statements),
- Detailed budgets for the proposed project period,
- Various documentation to support amounts reported in financial statements, and/or
- Documentation relating to existing or contemplated credit or financing arrangements.

As the scope and detail of analysis may vary with the circumstances of particular cases, the extent of financial data and its evaluation is determined by the judgment of NSF staff. Per the New Awardee Checklist (Section D), prospective awardees are generally required to submit audited financial statements for the two most recent accounting years for analysis. In the absence of audited financial statements, awardees should submit their unaudited financial statements, along with Federal tax returns for the two most recent accounting years.

2. Financial Management, Accounting System and Internal Control Requirements

The acceptance of an award from NSF creates a legal duty on the part of the awardee organization to use the funds or property made available in accordance with the conditions of the award. Therefore, NSF awardees are required to have financial management systems that meet the requirements of 2 CFR §200, Subpart D – Post Award Requirements and Standards for Financial and Program Management. Adequate financial management systems, accounting systems and systems of internal control provide assurances to the Federal Government that all expenditures of federal funds are in accordance with applicable regulations and the terms and conditions of the award.

At a minimum, the awardee should have a financial management system, accounting system, and internal control environment that provide the following:

- Identification, in its accounts of all Federal awards received and expended and the Federal programs under which they were received (CFDA title and number, name of funding agency, award identification number, etc.);
- Accurate, current and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in 2 CFR §§200.327 (Financial Reporting) and 200.328 (Monitoring and Reporting Program Performance);
- Records that identify adequately the source and application of funds for federally-funded activities (including obligations, unobligated balances, assets, outlays, income and interest);
- Accounting records that are supported by source documentation (purchase orders, invoices, canceled checks, etc.);
- Effective control over, and accountability for, all funds, property, and other assets;
- Comparison of expenditures with budget amounts for each Federal award;
- Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the recipient’s use of those funds for program purposes (per 2 CFR §200.305 -

Payment);

- Written procedures for determining the reasonableness, allocability, and allowability of costs (per 2 CFR §200 Subpart E – Cost Principles);
- Maintenance of financial records, supporting documents, statistical records and all other non-Federal entity records pertinent to a Federal award for a period of three years from the date of the final performance report (per 2 CFR §200.333);
- Maintenance of adequate documentation to support cost sharing, if applicable (acceptable forms of cost sharing contributions are those which meet the criteria established in 2 CFR §200.306); and
- An established procedure to continually evaluate and monitor the entity's compliance with all applicable regulations and award terms and conditions. Should an instance of noncompliance be identified (whether by formal audit or internal review), the entity should take prompt corrective action (per 2 CFR §200.303).

Organizations being considered for a NSF award are REQUIRED to support the existence of an adequate financial management system, accounting system, and internal controls. The prospective awardee is thus asked to submit several documents to NSF for review. These documents are detailed in the New Awardee Checklist (Section D). In particular, the responses on the Financial Management Systems Questionnaire (FMSQ) (Appendix 3) assist NSF to determine the adequacy of the financial management systems currently in place at the organization.

Additional items beyond what are listed in the Checklist may also be requested. For example, an organization that has been subject to a financial management and/or accounting system audit by the Defense Contract Audit Agency (DCAA) or any another federal agency should be prepared to provide a copy of the resulting review and/or audit report to NSF for analysis.

3. Documentation of Personnel Expenses

Salaries and wages charged to Federal awards must also be supported by a system of internal controls that provides reasonable assurance that the personnel costs incurred are accurate, allowable, and properly allocated. Generally, this system of internal controls should ensure that: the total compensation paid to individual employees is reasonable according to the work performed on the NSF-supported project; the compensation is made in accordance with established policies of the organization; and that the compensation policies are consistently applied to both government and non-government activities. In addition, the system must be able to adequately identify whether or not the work performed is considered a direct or an indirect cost, consistent with the organization's established policies and 2 CFR §200.430.

Total salaries charged to Federal awards (including extra service pay) are subject to the Standards of Documentation as described by 2 CFR §200.430(i). Per this section, salaries and wages charged to Federal awards must be based on records that accurately reflect the work performed. These records must:

- Be incorporated into the organization's official records;
- Reasonably reflect the total activity for which the employee is compensating across all grant-related and non-grant related activities (100% effort)
- Support the distribution of employee salary across multiple activities or cost objectives (for example, effort spent on multiple federal awards, spent on general/or administrative activities, vacation, sick leave, leave without pay, etc.); and
- Utilize an "after-the-fact" review of the employee's actual hours worked during the reporting period for identifying and correcting significant changes (as defined by the organization's written policies).

Organizations being considered for a NSF award are REQUIRED to provide evidence of an existing, adequate system for documenting personnel expenses charged to Federal awards. Please see the New Awardee Checklist (Section D) for a listing of the documents required for review.

4. Allowable Costs

All expenditures incurred under NSF cost-reimbursable grants are governed by federal regulations and must conform to NSF policies, grant special provisions and grantee internal policies. In general, NSF grantees should ensure that all costs claimed under NSF grants are allowable, allocable, reasonable and necessary, as defined by 2 CFR §200, Subpart E - Cost Principles, NSF policy, and/or the program solicitation. For-profit organizations and small businesses should continue to use the Federal Acquisition Regulations (FAR) Subpart 31.2 to determine the types of costs that may be considered allowable uses of federal grant funds. Both 2 CFR §200.400 and FAR Subpart 31.2 detail the types of costs that cannot be incurred by federal awards, either as direct or indirect costs. A few examples of these costs are alcoholic beverages, certain types of advertising, entertainment/amusement, bad debts, contributions and donations, fines, and penalties.

5. Participant Support

Participant support refers to the cost of transportation, per diem, stipends, and other related costs for participants or trainees (but not employees) in association with NSF-sponsored conferences, meetings, symposia, training activities and workshops. Funds provided for participant support may not be used by grantees for other categories of expenses without the specific, prior written approval of the cognizant Program Officer. In addition, NSF generally does not allow indirect costs to be calculated on participant support costs. Therefore, awardee organizations must account for participant support costs separately in its accounting system. This is typically accomplished through the use of separate accounts, sub-accounts, sub-tasks, or sub-ledgers.

Organizations being considered for a NSF award that contains participant support should be prepared to provide a copy of their written policies and procedures governing what types of costs may be considered participant support, including how the entity intends to document participant support costs and record these separately in its accounting system. The awardee should also be prepared to describe how it intends to document the attendance of participants at workshops, symposia, etc. in accordance with 2 CFR §200.302(b)(2) and (4).

6. Subaward and Subrecipient Monitoring

The objectives of many NSF-funded projects are achieved through the issuance of subawards to other organizations. However, subaward relationships require additional monitoring on the part of the prime awardee (pass-through entity). Pass-through entities must make a case-by-case determination regarding whether the party receiving the funds is cast in the role of a subrecipient or a contractor. The general characteristics of subrecipients and contractors are provided in 2 CFR §200.330. In general, a contractor provides goods or services in a competitive environment as its normal course of business (e.g., selling computers or providing routine laboratory support). In contrast, a subrecipient has programmatic decision-making responsibilities for performance in carrying out a portion of the research or project.

Subrecipient monitoring requirements do not apply to contractors. However, when subawards are included in Line G.5 of the Award Budget, the pass-through entity is required to establish a system to monitor the performance and activities of the subrecipients. Pass-through entities are also responsible for ensuring that costs of all subawards under NSF grants are subject to the cost principles and procedures appropriate to the subaward type and organization involved. For example, if the subaward is a cost-reimbursable type to a commercial organization or small business, FAR Subpart 31.2 would apply.

In its consideration of potential subrecipients, the pass-through entity should evaluate each subrecipient's potential risk of noncompliance with Federal statutes or regulations for the purposes of determining the appropriate levels of subrecipient monitoring. If necessary, the pass-through entity may consider imposing its own specific subaward conditions, if appropriate (see 2 CFR §200.207).

In addition to establishing subrecipient monitoring policies, pass-through entities are also responsible for drafting the subaward agreement that will be established between the organizations to govern the performance of the subaward. Subaward agreements are formal documents that are signed by authorized representatives from both parties, and MUST contain ALL required elements identified by 2 CFR §200.331. In addition to these requirements, subaward agreements must also generally include provisions for:

- Statutory requirements such as non-discrimination, drug-free workplace, animal rights, human subjects, and any applicable grant terms and conditions,
- Any additional requirements necessary in order for the pass-through entity to meet its own responsibility to the Federal awarding agency (such as the timely submission of financial, technical and performance reports),
- The indirect cost rate(s) and base(s) approved for use on the subaward,
- Audit requirements and the pass-through entity's access to records,
- The pass-through entity's right to conduct technical and administrative site visits,
- Termination clauses and/or legal remedies for non-performance, and
- Closeout procedures (when the subaward is completed).

Organizations being considered for a NSF award that contains subawards should be prepared to submit a copy of their subaward monitoring policies along with a draft copy of a subaward agreement to NSF for review.

7. Cost Sharing Requirements

Cost sharing (or matching) is that portion of allowable project or program costs that are not borne by the Federal Government. Per NSF regulations, the inclusion of voluntary committed cost sharing is prohibited (Chapter II.C.2.g(xi) of the NSF *Grant Proposal Guide* (GPG)). Mandatory cost sharing will only be required for NSF programs when explicitly authorized by the NSF Director, the National Science Board, or legislation.

In those rare instances where cost sharing is required, these requirements will be clearly identified in the solicitation and must be included in the proposal budget. When mandatory cost sharing is included on Line M of the Award Budget and accepted by NSF, the commitment of funds becomes legally binding and is subject to audit. Failure to provide the level of cost sharing required by the NSF solicitation as reflected in the approved award budget may result in termination of the NSF award, disallowance of award costs and/or refund of award funds to NSF by the awardee.

Further criteria regarding the allowability of cost sharing is defined by 2 CFR §200.306, entitled, "Cost Sharing or Matching." Per this regulation, cost sharing must meet all of the following criteria:

- Are verifiable from the non-Federal entity's records,
- Are not included as contributions for any other Federal award,
- Are necessary and reasonable for accomplishment of project or program objectives,
- Are allowable under 2 CFR §200, Subpart E - Cost Principles,
- Are not paid by the Federal Government under another award, except where authorized by federal statute to be used for cost sharing or matching,
- Are provided for in the approved budget, and
- Conform to other provisions of 2 CFR §200, as applicable.

Organizations with approved cost-sharing in their proposal budgets are required to support the existence of an adequate financial management system that can properly document these costs. The responses on the Financial Management Systems Questionnaire (FMSQ) (Appendix 3) will assist NSF to determine the adequacy of these systems. Per the organization's responses on the FMSQ and the nature of the cost sharing, additional documentation may also be requested.

8. Audits on Federal Awards

If the project is funded, it will be the responsibility of the grantee to arrange for the conduct of audits as required by 2 CFR §200, Subpart F - Audit Requirements. In addition to the audit requirements outlined by this subpart, the NSF Office of the Inspector General (OIG) conducts audits of awards made to for-profit and non-profit

organizations receiving NSF funding. Audits with questioned cost findings can result in cost disallowances and require organizations to make repayments to NSF. Audit findings resulting in questioned costs which are related to "accounting" for federal funds are generally due to the following:

- Lack of adequate documentation to support salary costs charged to awards,
- Lack of consulting agreement and invoices to support that services were related to the award and that the charges were reasonable,
- Indirect cost recoveries were in excess of those allowed by the type of indirect cost rate and base reflected in the award,
- Costs were unallowable in accordance with applicable cost principles, and, therefore could not be charged to federal awards,
- Proposed participant support amounts were expended in other cost categories without the required prior NSF written approval, and/or
- Adequate supporting documentation was not provided for cost sharing claimed.

The resolution of audit findings is the responsibility of NSF management, via the Cost Analysis and Audit Resolution Branch (CAAR). Please contact CAAR at (703-292-8244) if you have any questions concerning audits and/or the supporting documentation which should be maintained. You may also find additional information regarding audit resolution at <http://www.nsf.gov/bfa/dias/caar/index.jsp>.

Section C: Indirect Costs

1. Overview

Indirect costs are those costs that cannot be readily identified with a specific project or any other organizational activity, but rather are incurred by an organization for the joint benefit of all projects and objectives. Such costs are usually grouped into common pools and charged to the benefiting departments/awards/activities through an allocation process.

In its simplest form, the indirect rate is the ratio between an awardee's total indirect expenses and some direct cost base (often referred to as the allocation base). Common direct allocation bases are direct salaries and wages or modified total direct costs (total direct costs excluding capital expenditures and other distorting items such as major subawards and participant support costs). Other modifications may be made to the direct cost base if necessary to ensure an equitable distribution of indirect costs across programs.

In theory, all costs might be charged directly, however, practical difficulties typically preclude such an approach. Except as noted in AAG Chapters V.B.8 or in an NSF program solicitation, it is NSF policy that grantees are entitled to reimbursement from grant funds for indirect (F&A) costs allocable to the NSF share of allowable direct costs of a project. Accordingly, most organizations work with their cognizant federal agency to establish a formal indirect cost rate agreement, to be honored by all federal funding agencies. The indirect cost rate allows for a fair and expeditious allocation of the proportion of such general expenses that will be borne by each department, award, or activity.

2. Support of Indirect Cost Rate

Except as noted in an NSF program solicitation, it is NSF policy that grantees are entitled to reimbursement from grant funds for indirect costs (F&A) allocable to the NSF share of allowable direct costs of a project. NSF program staff are not authorized to negotiate indirect costs as a discrete item of a proposal budget. NSF program staff also are not authorized to suggest or request that PI/PDs seek reductions or waivers of indirect costs.

Organizations requesting indirect costs in their proposal budgets are required to submit documentation to support the indirect rate and allocation base that has been requested. This can be accomplished in one of two ways:

Organizations with a Negotiated Indirect Cost Rate Agreement (NICRA):

Organizations that have a NICRA with a federal agency should be prepared to submit a copy of their current rate agreement as requested in the New Awardee Checklist (Section D). 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. The amount for indirect costs should be calculated by applying the current negotiated indirect cost rate(s) to the approved base(s).

Indirect cost recovery for colleges, universities, and other organizations of higher education are additionally restricted by 2 CFR §200, Appendix III, paragraph C.7. Per this citation, Federal agencies are required to use the negotiated F&A rates that are in effect at the time of the initial award throughout the life of the sponsored agreement. Additional information on the charging of indirect costs to an NSF award is available in AAG Chapter V.D.

Organizations without a Negotiated Indirect Cost Rate Agreement:

Proposing organizations that have never received a formally negotiated indirect cost rate agreement from a cognizant federal agency may elect to charge a *de minimis* rate of 10% (or less) of modified total direct costs. No further documentation is required to support the application of the *de minimis* rate, which may be used indefinitely (see 2 CFR §200.414(f)).

Should a proposing organization without a current negotiated indirect cost rate wish to request indirect costs in excess of the 10% *de minimis* rate, its business officer should prepare an indirect cost proposal based on expenditures for its most recently ended fiscal year. This proposal will be submitted to NSF as requested in the New Awardee Checklist (Section D).

Foreign grantees that do not have a U.S. federally negotiated indirect cost rate are limited to the *de minimus* indirect cost rate recovery of 10% of modified total direct costs. Foreign grantees that have a negotiated rate agreement with a U.S. federal agency may recover indirect costs at the current negotiated rate.

The contents and financial data included in indirect cost proposals vary according to the make-up of the organization. Instructions for preparing an indirect cost rate proposal can be found at: <http://www.nsf.gov/bfa/dias/caar/docs/idcsubmissions.pdf>. Proposing organizations submitting a proposal to NSF for the first time are encouraged to request guidance from the Cost Analysis and Audit Resolution Branch (CAAR) at (703) 292-8244. Based on the information provided, NSF may negotiate a formal indirect cost rate agreement with the awardee, or may instead award indirect costs on an award-specific basis.

Please note that NSF does not negotiate rates for organizations that are not direct recipients of NSF funding (e.g. subrecipients). The prime recipient is responsible for ensuring that proposed subrecipient costs, including indirect costs, are reasonable and appropriate.

3. Types of Indirect Cost Rates Used on NSF Awards

The awarded indirect cost rate is generally based upon a grantee's current federally negotiated indirect cost rate agreement. When establishing an indirect rate for an award where the grantee does not have a current negotiated rate agreement, NSF will consider the rate proposed in the budget, the grantee's indirect cost proposal submission, the amount of total funding requested and other pertinent financial factors. Since some types of rates limit indirect cost recoveries and require adjustments, grantees receiving awards should ensure that they understand the type of indirect cost rate applicable to the award.

NSF generally uses provisional, predetermined, and fixed indirect cost rates in its awards. In certain circumstances, NSF may also award indirect costs as a "fixed" dollar amount. For detailed descriptions of each type of indirect cost rate used by NSF, please reference AAG Chapter V.D.

Special Limitation concerning Predetermined Rates at Colleges and Universities:

2 CFR §200, Appendix III, paragraph C.7 contains an additional restriction on recovery of indirect costs for colleges and universities and other organizations of higher education. These awardees are subject to a further limitation in that the negotiated rates at the time the award is made shall be used throughout the life of the award. The applicable text regarding this restriction can also be found in AAG Chapter V.D.

Section D: New Awardee Checklist

The following documents must be submitted to NSF for the administrative and/or financial review of your organization. Unless otherwise specified, all documents are REQUIRED. It is the responsibility of the new awardee to ensure that all documents are submitted, and that they represent a fair and accurate representation of the administrative and/or financial position of the organization. NSF will assess the organization's administrative and financial capabilities based upon the documentation provided. **Missing, incomplete or inadequate information may result in proposal declination.**

- ___ **1) Awardee Organization and Management Summary, NSF Form 357** (see Appendix 1)
Complete Part 1 only.
- ___ **2) Small Business Declaration, NSF Form 359** (see Appendix 2)
If you are a for-profit organization or small business, provide a copy of the Small Business Declaration form. If you are a non-profit organization, provide a copy of the current Internal Revenue Service tax exemption letter, which certifies the organization's non-profit status.
- ___ **3) Documentation of Organizational Establishment and Structure**
Provide an official or published statement of the purpose of your organization and of the power, which have been granted to it to enter into contractual relationships and/or accept awards (e.g. articles of incorporation, by-laws). This should include a brief description of your organization's objectives, and also an organizational chart reflecting the structure of your organization.
- ___ **4) Listing of Current or Recent Federal Awards**
Provide a listing of all federal awards (grants, contracts and cooperative agreements) received by your organization over the past two years. Please provide the name of the agency, award number, amount, and title of the project.
- ___ **5) Financial Management Systems Questionnaire (FMSQ), NSF Form 358** (see Appendix 3)
Complete the questionnaire and sign the form.
- ___ **6) Financial Statements** (see Section B.1 of this Guide)
Provide your organization's financial statements for the two most recently ended fiscal years. If audited financial statements are not available, please ALSO submit the organization's tax returns for the two most recently ended fiscal years.
- ___ **7) Project Cost Ledger** (see Section B.2)
This ledger may be called by different names depending on the software implemented by your organization. Documentation submitted should show how the organization will track grant expenditures by line item, reconcile current expenditures to the amount budgeted, and keep grant expenditures separate from organizational expenditures. If you have existing or recent grant awards, please submit a copy of the ledger the organization used to track those expenses.
- ___ **8) Documentation of Personnel Expenses** (see Section B.3)
Please provide current written policies for the documentation of personnel expenses. Please also provide a sample of the record(s) the organization intends to use for documenting personnel expenses charged to the NSF project. Note: SSN's and other personal data should be redacted.
- ___ **9) Allowable Costs** (see Section B.4)
Provide the current policies in place at the organization governing the types of expenditures that can be made under federally sponsored projects. These should include how the organization will evaluate purchases to ensure that they are necessary, reasonable, allocable and allowable.
- ___ **10) Participant Support, if applicable** (see Section B.5)
If your proposal contains participant support, provide the current written policies governing participant support (who is considered a participant, what types of costs can be charged, NSF restrictions on re-budgeting participant support, etc.). If not specifically contained in the policy, please also describe how the organization intends to keep participant support costs segregated in its accounting system.

- _____ **11) Subaward Monitoring Policies and Subaward Agreement, if applicable** (see Section B.6)
If your proposal contains a subaward, provide the current subaward monitoring policies in place at the organization as well as a copy of the proposed subaward agreement.
- _____ **12) Support of Indirect Costs** (see Section C)
Provide a copy of the organization's current negotiated indirect cost rate agreement (NICRA). If you do not have a negotiated indirect cost rate and are requesting indirect costs in excess of the "de minimis" rate of 10% of modified total direct costs, submit a full indirect cost rate proposal for review: <http://www.nsf.gov/bfa/dias/caar/docs/idcsubmissions.pdf>.

Items 1 - 12 should be submitted within 15 calendar days of request to the applicable NSF award-making division. Electronic submissions are acceptable and encouraged.

For awardees who cannot submit these documents electronically, please mail them to:

National Science Foundation
Attn: Name of Requesting Office or Official
4201 Wilson Boulevard
Arlington, VA 22230-0001

*****EXCEPTION for Small Business Innovation Research SBIR/STTR Phase II applicants*****

SBIR/STTR Phase II applicants have **10 calendar days** to respond to the NSF Program Manager's request for this documentation. This material should be sent to the Division of Institution and Award Support (DIAS) as directed. In addition to items 1-12, SBIR/STTR Phase II applicants should also provide the following:

- _____ **13) Current payroll registers or pay stubs for all project personnel with a proposed annualized salary in excess of \$50,000** (Note: SSN's and other personal data should be redacted)
- _____ **14) Indirect cost rate proposal reconciled to the most recently completed financial statements.**
- _____ **15) Copies of any financial management and/or accounting system audits conducted by the Defense Contract Audit Agency (DCAA) or any other federal agency during the past 5 years.**

AWARDEE ORGANIZATION AND MANAGEMENT SUMMARY

PART I

1. Common Name of Organization:

2a. Employer Identification Number (EIN):

2b. DUNS Number:

2c. NSF Awardee Organization Code (If known):

3. Legal Name of Organization (if different):

4. Mailing Address (Street, City, State, Zip Code):

Address 1:

Address 2:

City:

State:

Zip:

5. Names of Affiliated Organizations (if any):

6. Former Name of Organization (if any):

7a. Type of Organization (select all that apply):

State/Local Government or Agency

Educational Institution

Tribal Government

Non-Profit

Hospital/Health Care Facility

For-Profit (Commercial)

(if For-Profit, check appropriate boxes):

Small Business

Minority Business

Other (Please Identify):

8. Awardee Organization:

a. President/Chief Executive Officer:

Prefix:

Name:

Title:

Email:

Phone:

b. Award Notification Addressee:

Prefix:

Name:

Title:

Email:

Phone:

9. Remarks:

PART II (For NSF Use Only)

10. NSF Institution Code:

11. Organization appears to have the management and financial capabilities to administer NSF awards:

Yes

No

12. Grants and Agreements Specialist Signature:

Date:

SMALL BUSINESS DECLARATION

The company named below **(IS ____) (IS NOT ____)** a small business concern. A small business concern by the Government definition is a concern, including its affiliates, which is independently owned and operated and is not dominant in the field of operation in which it is quoting on Government solicitations. The business concern can further qualify under the criteria concerning number of employees, average annual receipts, and other criteria, as prescribed by the Small Business Administration.

For detailed industry definition and related procedures, see Code of Federal Regulations, Title 13, Part 121, as amended, which contains detailed industry definitions and related procedures.

Company Name: _____

Chief Executive Officer or Designee: _____

(Signature of Chief Executive Officer or Designee)

(Date Signed)



NATIONAL SCIENCE FOUNDATION
 OFFICE OF BUDGET, FINANCE AND AWARD MANAGEMENT
FINANCIAL MANAGEMENT SYSTEMS QUESTIONNAIRE

Section A: PURPOSE

The financial responsibility of ALL NSF grantees must be such that the grantee can properly discharge the public trust which accompanies the authority to expend public funds. Adequate accounting systems (at a minimum) should meet the following criteria as outlined in 2 CFR §200, Subpart D – Post Award Requirements and Standards for Financial and Program Management:

- (1) Identification of all Federal awards received and expended and the Federal programs under which they were received;
- (2) Accurate, current and complete disclosure of the financial results of each Federal award (per 2 CFR §§200.327 and 200.328);
- (3) Records that identify adequately the source and application of funds for federally-funded activities;
- (4) Effective control over, and accountability for, all funds, property, and other assets;
- (5) Comparison of expenditures with budget amounts for each Federal award;
- (6) Written procedures to minimize the time elapsing between drawdown of funds and the use of those funds for program purposes (2 CFR §200.305);
- (7) Written procedures for determining the reasonableness, allocability, and allowability of costs; and
- (8) Maintenance of adequate documentation to support cost-sharing (must meet the criteria established in 2 CFR §200.306).

Section B: GENERAL

Legal Name of Organization: _____

Street Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Representative Name: _____ **Phone:** _____

Title: _____ **Email:** _____

Month/Year Established: _____ **Number of Employees:** Full Time: _____ Part Time: _____

Brief Description of Organization's Service or Product:

Type of Organization (select all that apply): (if For-Profit, check appropriate boxes):

<input type="checkbox"/> State/Local Government or Agency	<input type="checkbox"/> Educational Institution	<input type="checkbox"/> Small Business
<input type="checkbox"/> Indian or Tribal Government	<input type="checkbox"/> Non-Profit	<input type="checkbox"/> Minority Business
<input type="checkbox"/> Hospital/Health Care Facility	<input type="checkbox"/> For-Profit (Commercial)	<input type="checkbox"/> Other (please specify): _____

If you are an educational institution, please list your accrediting body: _____

Section C: AUDIT HISTORY and INTERNAL CONTROLS

1. Did your organization spend more than \$750,000 in federal grant funds last fiscal year? Yes No

a. If yes, was an audit performed in accordance with 2 CFR §200, Subpart F – Audit Requirements? Yes No

b. Audit Date (MM/YYYY): _____ c. Name of Auditing Firm: _____

d. Were any of the following conditions reported? If so, please explain (additional space for response is provided in Section J, if necessary):

Audit Findings Qualified Opinion Material Weakness Significant Deficiency Material Noncompliance

2. Are the organization's operating policies and procedures clearly written and communicated to all employees? Yes No

3. Does the organization maintain procedures to ensure the physical security of equipment, inventories, cash and other assets? Yes No

4. Does the organization's structure provide an adequate segregation of duties in regards to:

(a) Posting and approval of journal entries (including correcting entries) to the accounting system?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(b) Cash management, including cash drawdowns and requests for reimbursement?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(c) Review and approval of expenditures and procurements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(d) Review and approval of financial, performance and other required reports?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

5. Does the organization perform periodic internal evaluations and reviews of its policies and procedures to ensure that controls are providing sufficient safeguards and effective oversight? Yes No

Section D: FINANCIAL STATEMENTS	
1. Does your organization maintain audited financial statements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. If yes, when was the last financial statement audit conducted? (MM/YYYY):	a. Fiscal Year Ending:
b. Name of Auditing Firm:	c. Qualified Opinion? <input type="checkbox"/> Yes <input type="checkbox"/> No
d. If a qualified opinion was given, please explain (additional space for response is provided in Section J, if necessary):	
e. If audited financial statements are not maintained, are unaudited statements prepared in accordance with Generally Accepted Accounting Principles (GAAP)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Please provide audited financial statements for the organization's two most recent accounting years. In the absence of audited financial statements, please submit unaudited financial statements, along with Federal tax returns for the two most recent accounting years.	

Section E: ACCOUNTING SYSTEM	
1. Does the system use a cash-based or an accrual-based method of accounting?	<input type="checkbox"/> Cash <input type="checkbox"/> Accrual
2. What books of account are maintained (select all that apply):	
<input type="checkbox"/> General Ledger <input type="checkbox"/> Project Cost Ledger <input type="checkbox"/> Cash Disbursement Journal <input type="checkbox"/> Cash Receipts Journal <input type="checkbox"/> Payroll Journal	
3. If the organization proposes an indirect or overhead rate, does the accounting system provide for the segregation of direct and indirect expenses?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
4. Does the accounting system identify the receipt and expenditure of funds separately for each grant or contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Does the accounting system record grant and/or contract costs according to the line-item categories in the approved proposal budget?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. If your program requires cost sharing/matching, does the accounting system record and properly document all cost shares/matches?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
7. Does the accounting system record participant support costs as a separate cost category?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Does the accounting/financial system include budgetary controls to preclude incurring obligations in excess of:	<input type="checkbox"/> Yes <input type="checkbox"/> No
(a) Total funds available for a grant?	<input type="checkbox"/> Yes <input type="checkbox"/> No
(b) Total funds available for a budget cost category (e.g. Personnel, Travel, etc.)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Are appropriate personnel familiar with 2 CFR §200, Subpart E – Cost Principles and able to determine whether costs in connection with Federal grants/contracts can be considered allocable, allowable, reasonable and necessary?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Attach a sample and provide a brief description of the accounting system in place at your organization. Please also describe how the system segregates grant/contract expenditures from organizational expenditures. Additional space for response is provided in Section J, if necessary:	

Section F: FUNDS MANAGEMENT	
1. Is a separate bank account maintained for Federal grant/contract funds?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. If a separate bank account is not maintained, can the Federal grant/contract funds and related expenses be readily identified?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Does your organization have procedures in place to minimize the time elapsing between the transfer of funds to your organization by a Federal agency and your organization's expenditure of such funds?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Section G: PURCHASING SYSTEM	
1. Does the organization maintain asset inventory records?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Does the organization have policies relating to buy/lease analysis and competitive purchases over \$150,000?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. What is the dollar threshold for the capitalization of equipment?	\$

Section H: DOCUMENTATION OF PERSONNEL EXPENSES

- 1. Does the organization maintain a system of internal controls to ensure that personnel costs incurred to Federal awards are accurate, allowable, and represents the actual work performed? Yes No
- 2. Does the organization maintain records that accurately reflect the work performed by each employee? Yes No
- 2a. If yes, are these records incorporated and maintained as part of the organization's official records? Yes No
- 3. Does the organization maintain records that reflect the TOTAL activity for which the employee is compensated (100%)? Yes No
- 4. Does the organization maintain records that allow employee effort to be reported to multiple funding sources? Yes No

5. Provide a brief description of the entity's methodology for documenting personnel expenses incurred under Federal awards. If the organization maintains formal, written policies for the documentation of personnel expenses, provide a copy of these policies. Please also provide a sample of the record(s) the organization intends to use for documenting personnel expenses charged to Federal awards. Additional space for response is provided in Section J, if necessary:

Section I: INDIRECT COST RATE

- 1. Does your organization hold a formally negotiated indirect cost rate agreement with any Federal agency? Yes No

a. If yes, which agency? b. Date of Agreement:

2. If you are requesting indirect costs in your NSF proposal budget, attach a copy of your most current rate agreement. If you do not hold a formally negotiated indirect cost rate and are requesting indirect costs in excess of the "de minimis" rate of 10% of modified total direct costs, please refer to the NSF Indirect Cost Rate Proposal Submission Procedures at: <http://www.nsf.gov/bfa/dias/caar/docs/idcsubmissions.pdf>.

Section J: ADDITIONAL INFORMATION

Use this space for any additional information (please indicate section if a continuation of a response). Additional sheets may be attached if necessary.

Section K: APPLICANT CERTIFICATION

I certify that the statements I have made on this form and all attachments thereto are true, accurate and complete to the best of my knowledge. I understand that the willful provision of false information or concealing a material fact in this representation is a criminal offense under Title 18 U.S.C. Section 1001, False Statements, as well as Title 18 U.S.C. Section 287, False Claims, and may be punishable by fine and/or imprisonment under applicable law.

Prepared by (Name, please print):

Title:

Signature:

Date: