March 13, 2001

Attn: PL 106-107 Comments
Department of Health and Human Services
200 Independence Avenue, S.W., Room 517-D
Washington D. C. 20201

Subject: University of California Comments on Public Law 106-107 Grant-Making Process

This letter provides the University of California ten-campus system response to the 23 federal agency request for comments on the federal grant-making process published in the January 17, 2001 *Federal Register*. The University of California received over $1.4 billion in federal grants in fiscal year 2000 which represents 6179 transactions. As one of the original members of the Federal Demonstration Partnership, we have been active in federal grant administration streamlining activities for many years. We, therefore, appreciate this opportunity to provide the participating federal agencies with comments on the interim/draft plan they have developed under the provisions of Public Law 106-107, the Federal Financial Assistance Improvement Act of 1999. Our recommendations and responses are based on the University=s experiences as a recipient of federal research, training or instruction, and public service awards.

The attachment to this letter includes a summary of overall recommendations addressing this issue followed by the University=s more detailed response to each of the questions in the published Notice. As you can read in our introductory recommendations, the most important message is standardize, be consistent and simplify. Take advantage of all the current federal models that do this now and appear to work reasonably well for both federal agencies and recipients.

We would be happy to provide any additional detail needed about these responses. If you need further information from us, please call me at: (510) 987-9840.

Very truly yours,

Director, Research Administration

Attachment

UNIVERSITY OF CALIFORNIA P.L. 106-107 COMMENTS

GENERAL RECOMMENDATIONS

The University of California has five general recommendations for the federal grant-making agencies to consider in their implementation of Public Law 106-107. None of these recommendations present any new ideas or information. In fact, they are all issues which many federal agencies have already been working on and some have implemented. They all state the same simple request: **standardize, be consistent, and simplify.** These recommendations also point to the fact that many of the problems created by the proliferation of too many federal grant-making procedures have their solutions within the work already done by these agencies, if these solutions were implemented now and enforced on a government-wide basis.

1. All federal agencies should limit data elements already specified in EDI TS 194 (for proposals), EDI TS 850 (for awards), and EDI TS 860 (for award modifications). These transaction sets must be treated as a Aceiling@, that is the upper limit of data elements that can be requested for the purpose to which they apply. An agency which believes it must add elements to these data sets must obtain formal approval from the Interagency Electronic Grant Committee (IAEGC), which must review and approve any additional data elements to the recognized data sets. The development of such a formal process could be build upon the Electronic Grants Data Dictionary Policy and Procedures already maintained by the IAEGC.

   The IAEGC is currently formally designated and recognized as the monitoring unit for federal electronic grant-making initiatives. It is important to this entire effort that the IAEGC continue to be defined and empowered as the control point for content and format validation for all federal agencies= programs.

2. All federal agencies should issue award notifications electronically. In recognition of the variety of agency partners, such electronic notification should be a simple process to implement that does not require any new technology on the part of either the federal agencies or recipients. Examples include the e-mail format that is currently used by the National Science Foundation (NSF) and the National Institutes of Health (NIH) or a PDF e-mail attachment as used by Office of Naval Research (ONR) as an option for recipients that would like to use this data to populate their internal award systems.

3. Streamline and standardize the proposal process across all federal agencies. Included in this area is the standardization of the proposal announcement process so that all federal requests for proposals contain and request the same items of information in the same format while clearly communicating the business rules and performance standards of the funding program.. The Federal Demonstration Partnership (FDP) Integrated Performance Standards Task Force is currently working on this concern.

   As part of the proposal application process, proposal applications themselves should request the minimal amount of information needed for a proper peer review. Then, for proposals that may be funded, additional information can be requested and provided, similar to the NIH Just-In-Time process. Establish and use a federal-wide database which contains institutional profiles with all the basic elements of

information about the applicant institutions required in every proposal as well as single annual certifications by the institutions of all required representations, certifications, and assurances that are not project specific or need the Principal Investigator=s signature. Again, once such standards in these areas are agreed to, individual grant programs should only be allowed to make changes to formats or forms with the review and recommendation for approval by the IAEGC to OMB Office of Information and Regulatory Affairs (OIRA). A similar database should also be established for all other proposal application components that share standard common elements such as professional (Principal Investigator) profiles.

The implementation of any electronic application processes must include an authorized institutional representative review and approval requirement. The long-term goal would be to have standardized proposal announcements and applications apply to both grants and contracts.

4. The core terms and conditions used by the federal agency members of the FDP should be accepted by all federal granting agencies as the federal standard and incorporated as their grant terms. Only statutorily required agency deviations from these core terms and conditions should be allowed.

5. In order to successfully implement any federal grant electronic administration processes, the federal government must formally commit to and fund the Federal Commons. This group has been designated to move forward with the electronic development of the common application, administrative and reporting system portion of P.L. 106-107. The federal government=s formal commitment to the Federal Commons must include not only sufficient funding for its development, but also for its implementation and continued maintenance.

Responses to Notice Questions

I. Application and Reporting Forms:

A. Please identify application and reporting forms you believe could be improved or streamlined

1. As stated in our list of recommendations, all agencies should be restricted to using no more elements in an application than are in the EDI TS 194.
2. Every agency should use EDISON for patent reporting, one format for all agencies. Such reports should be required only when there is a positive disclosure.
3. Agencies should require only one complete original of a proposal. Additional copies of the scientific portion of the proposal should be required only in cases where the agency states that it cannot properly reproduce advanced graphics, colors, photographs etc. needed for distribution to peer reviewers.
4. Streamline the SF 272 Report to comply with the Federal Cash Transaction Report (FCTR) for NASA awards. Additional requirements to report ACash Receipts@ and AProjections@ for each award should be eliminated.

5. Develop and require the consistent use of one common face page for all federal grant proposals. The NSF, NIH, and SF 424 provide appropriate models for such a common face page. No individual program variations to an accepted model forms should be allowed without IAEGC and OIRA approval.
6. Standardize the proposal announcements. As noted in our recommendations, this is currently project of the FDP. NSF has also been implementing such a standardized announcement format which could be reviewed as a possible model for this goal.
7. Eliminate the need for certifications and assurances with every proposal for both grants and contracts. Either establish an annual certification or use the NSF and NIH formats where signing the proposal and accepting the award provides certifications.
8. Streamline agency specific reporting forms such as the SF 298 for financial reporting. Delete duplicate forms, such as the DD-882 for patent reporting, by requiring all agencies to use Edison.
9. Standardize the formats for ACurrent and Pending Support@, bibliographies, and references.

B. Please identify specific data elements on these forms that you believe could be eliminated or combined to reduce reporting burden while still providing the federal agency enough information to manage the program.

1. Eliminate the use of the DUNS number as an institutional identifier for any federal grant purpose. This is not a unique number. As Dun and Bradstreet does not monitor who requests or receives a DUNS number, an institution may have hundreds of DUNS numbers. The same applies to CAGE codes. Since institutions can also have more than one CAGE code, they too must not be used as unique identifiers. The only unique institution identifier is the institution=s taxpayer employer identification number (EIN). As a unique number, an EIN would properly fulfill the purpose of identifying a recipient institution.
2. Provide telephone numbers and e-mail addresses of agency personnel named as contacts in RFPs.
3. Eliminate the requirement to forecast future expenditures or provide four-month cash projections such as requested by NASA. These are unnecessary and burdensome requirements for an accounting office, which has no way of determining the Principal Investigator=s future spending rates.
4. Provide downloadable, turnaround forms on-line. Recipients should be able to enter data to the form on-line and return it to the agency requesting it. Forms from USDA-CSREES, for example, are not downloadable, turnaround forms.
5. Eliminate the SF424A Budget Form. It is unnecessary, confusing, and used inconsistently among agencies.
6. Both NSF and NIH require too much budget detail at the proposal stage. For example, the NIH face page requires: Afirst budget period direct costs;@ Afirst budget period total costs;@ Atotal project direct costs;@ and Atotal project total costs@ funding detail. This information is in the budget and does not need to be restated on the face page.
7. Eliminate any unusual, burdensome application formats such as the Army Breast Cancer scantron forms. This particular form is a Abubble@ form that has to be completed with a number 2 pencil.
8. Eliminate all requests for data that could be included in an Institutional Profile, made available on a federal agency-wide basis.

9. In developing a federal agency-wide proposal cover page, do not ask for EO 12372 Clearinghouse Information, areas affected by project, or if this is a construction proposal for research proposals.

B. What programs do you think could share common application and reporting forms that currently do not? Do not limit your response to programs within the same agency. For example, if there are programs administered by the Department of Agriculture and the Department of Health and Human Services that you believe should share common forms because they share a similar purpose, please identify them.

As stated above, all federal grant-making agencies should be required to develop and use one common application face page and common reporting forms for patents, budgets, financial reports etc. Use of such a common application and common reporting forms should be mandatory for all federal agencies, including directorates, divisions, outlining bases and stations such as NASA's and Air Force. The implementation of any electronic application processes must include an authorized institutional representative review and approval requirement.

C. How do you obtain copies of the forms you need for your grant?

There is no one single site for obtaining all required federal grant forms. Forms can be obtained from agency grant websites; included with published RFPs, either on-line or paper; and from the Research Funding Opportunities and Administration (TRAM) website as well as local campus re-creations of agency forms.

D. Are they readily available over the Internet, or are they provided in materials you received form your awarding agency, such as a funding notice or handbook?

This question is answered above under D.

E. What forms have been difficult to locate in updated formats?

On-line forms, such as the Standard Form 424, are not always current. Agency dates for new forms may not match the date of the form available on-line. Interactive operative forms in formats that are easy to understand and use are generally not available. Some forms cannot be downloaded without specialized technical expertise and software. Forms should all be in downloadable *i*PDF format at a minimum. There should always be an agency contact name with a telephone number and e-mail address for questions regarding application forms whether on-line or not.

II. Terms and Conditions:

A. What terms and conditions are attached to your grants that you believe are not treated consistently from program to program, and across the various Federal agencies?

1. Prior approval requirements vary, even among FDP agencies.
2. Award documents should be required to contain no more data elements than those in the approved EDI TS 850.
3. Payment terms **B** Some are under letters of credit while others are cost reimbursement and are paid after invoicing.
4. Confusing use of multiple year funding terminology such as use of Aoptions@; Afuture budget periods@; Acontinuations@; Asupplements@; etc. DOD agencies, for example, mix the use of contract funding models with grant awards. Their grants do not provide authority for the full amount of the award funding. Funding authority is provided in increments, even within a year, so that PIs do not understand the full amount that they can spend under a grant. DOD agencies should clarify the different between a payment schedule and authorization to spend.
5. Travel limits
6. Salary caps
7. Participant support costs **B** Both the definitions of Aparticipant support costs@ and whether they are subject to indirect costs varies across agencies.
8. No-cost time extension **B** Are they subject to: notifications; approvals; signatures or justifications required?
9. Except for NIH, financial reporting requirements differ from agency to agency.
10. Definitions of equipment need to be consistent. For example, the Center for Disease Control (CDC) and other non-NIH Public Health Service (PHS) programs appear to rely on an old PHS definition of equipment rather than the updated NIH definition.
11. All federal agencies have their own quirks and do not seem to track each other or as a group in issuing award terms and conditions. Even subgroups, such as the institutes within NIH can be inconsistent.
12. FDP institutions receive non-FDP terms and conditions on awards traditionally covered by FDP such as NIH R01 grants.
13. Cooperative agreements always have additional terms and conditions.
14. Agency inconsistency in grants and program requirements: Department of Education attaches various pages of additional terms and reporting requirements, not in any consistent manner. Department of Energy is inconsistent in the requirements referencing source documents. NASA refers to both FDP terms and then the NASA Grants Handbook without clarification and the two documents sometimes conflict. Agencies such as NASA also mix contract terms with grant terms. Agencies such as NOAA, EPA, and Justice have inconsistent grant document terms.
15. Federally approved indirect cost rates are not consistently applied in federal programs. Without statutory requirements to limit indirect costs, agency programs make up indirect cost rate limits. Dept. of Education FIPSE programs unofficially limit indirect costs without any published policy or statutory basis as do other

agency programs such as the U.S. Geological Survey National Biological Service and Cooperative Ecological Studies Unit. The Office of Management and Budget (OMB) must assert its costing policy authority to assure agencies consistently implement federally approved indirect cost rates.

16. Agencies have inconsistent policies on using unrecovered indirect costs to meet cost-sharing requirements.

Q. How would you suggest the agencies create more uniformity in these terms and conditions?

1. Adopt a standard set of terms and conditions such as those used by the FDP federal agencies and apply them consistently and uniformly. Restrict individual agency modifications to OMB Circular A-110. Eliminate redundant agency-specific implementations of A-110. OMB should play an active monitoring role over individual agency implementations of and deviations from OMB Circulars.
2. Use federal-wide assurances, not program-specific, which can be renewed annually on-line by recipients.
3. Standardize financial and programmatic reporting requirements.
4. Require common formatting for all program announcements. Provide separately marked, clearly explained sections where program requirements must differ.
5. Universal templates for award documents.

III. Payment Systems:

A. What payment systems are you currently required to use to receive grant payments?

The following is a list of 18 programs from 12 agencies with ten different required payment systems:

- DHHS Division of Payment Management on-line
- Dept. of Energy
- Education Grant Administration and Payment System on-line
- EPA B ACH Payment Request in hard copy
- HUD Line of Credit Control System via telephone voice response
- Justice Paperless Request System via telephone
- NASA Ames Division of Payment Management on-line
- NASA Goddard Division of Payment Management on-line
- NASA HQ Division of Payment Management on-line
- NASA Johnson Division of Payment Management on-line
- NASA Glenn/Lewis Division of Payment Management on-line
- NASA Marshall Division of Payment Management on-line
- NEH Request for Advance or Reimbursement form in hard copy only
- ONR EDI
- NOAA Financial Assistance Disbursement System on-line
- NSF Fastlane on-line
- USDA Division of Payment Management on-line
- USDA Forest Service Request for Funds in hard copy only

Payment systems can be via invoicing, EDI , or letters of credit. Paperless on-line systems require special software such as EPA ASAP and ONR EDI systems. Voice systems and others have different requirements: NEH requires faxing RAR and HUD Line of Credit System and Justice Paperless Request System are via telephone.

B. Which of these systems offer on-line services?

_ Dept. of Education GAPS
_ NSF and EPA ASAP
_ DHHS, NASA, USIA, USDL and USDA PMS
_ HUD LOCCS
_ USDJ
_ NAVY EDI

C. Does the use of multiple payment systems by Federal agencies cause a burden on your financial system?

10 Yes. They create an operational burden. The burden does not come from multiple payment systems but rather from the multiple FCTR Reporting systems. If the FCTR Reporting systems were standardized, it would help to reduce the administrative burden on the institution=s financial system. Additional burdens are caused by the five agencies that do not have on-line payment systems and by seven agencies (the five not on-line plus NOAA and Education) whose payment systems require each grant to be separately drawn-down.

20 The nature of the payments creates problems. Payments are not sufficiently identified. Agencies do not provide enough information for processing payments. Wire transfers and checks from federal agencies cannot be reconciled with invoices when they do not have enough identifying information accompanying them.

30 The requirement imposed by grant-by-grant detail on-line for credit payments is an unnecessary burden.

IV0 Audit Issues:

A0 What could the Federal agencies do to improve your understanding of the Single Audit process?

10 Require federal agencies to work with their auditors in providing status of final closeout reporting so that recipients are not submitting final reports to agencies and then, again, to the agency auditors.
20 Federal auditors reviewing research awards to non-profit and higher education institutions should be well-versed in the federal requirements including agency-specific, FDP terms and OMB Circular requirements, that apply specifically to non-profit and higher education research institutions.

B. Have you used the Single Audit Clearinghouse to obtain information on subrecipient audits?

Our institution encourages the use of the Single Audit Clearinghouse to obtain information on subrecipient audits. The A-133 Audit Guide should be clarified to state that recipient institutions can go directly to the Clearinghouse for subrecipient audits. The Audit Guide should state that recipients do not need to obtain copies of subrecipients' audits, but can review them via the Clearinghouse.

C0 Do you believe that single audits provide appropriate audit coverage for your programs where you are a pass-through entity?

No. The single audit process leaves prime grantees vulnerable to any problems found in subsequent audits of their subrecipients. While single audits of subrecipients provide some level of assurance for the prime grantee entity, they do not provide the prime grantee with any protection against claims by the federal agencies for any improper subrecipient charges found at a later date. The prime grantee is still responsible for all costs incurred by its subrecipients. As such, the administrative burden posed by the subrecipient monitoring requirement outweighs the real value of such monitoring to the prime grantee because, no matter how responsibly the prime followed the A-133 subrecipient monitoring requirements, the prime grantee remains vulnerable to disallowed charges found in subsequent audits of its subrecipients after the close-out of the subaward.

V. Electronic Processing:

A0 What electronic processing systems do you currently use for your Federal grants? Please note any systems you use due to Federal agency requirements, as well as any systems or technologies you organization uses for other activities.

Federal Systems:

- NSF Fastlane and e-mail notice of award letters
- NIH FSRs, CRISP (Computer Retrieval of Information on Scientific Projects), e-mail prior approvals, and e-mail award notices
- ONR AdminWeb and AwardWeb
- Edison
- Space Telescope Science Institute Grants Management System STSCi
- SPAWAR
- Air Force Research Lab (AFRL)
- NASA Office of Space Science
- NASA SYS-EFUS
- Dept. of Justice
- DOD CCR Registration
- DHHS IRB Electronic Registration System

- Army Corps of Engineers WebPTS

Internal campus systems:

- COEUS
- E-RAS (Request for Authorization to Spend)
- E-mail submissions of prior approvals for NIH grants process
- Certification Program for Human Research Investigators
- R-Net QDB Model for web reporting tools
- University of California grant programs electronic proposal systems

B. What is the likelihood that your organization would utilize an on-line application or financial reported system?

All the University of California campuses currently use federal on-line application and financial reporting systems. The problem is not using the systems, but the proliferation of these systems, all requiring different software, implementation, and training.

C. How can the agencies best prepare your organization for the future use of electronic processing option for your grants?

- Provide sufficient roll-out time for new systems.
- Provide advance preparation, training, on-line and telephone technical assistance, software, and on-line information.
- Provide options **B** a choice of implementation systems.
- Always have a development server as a test site to try out the new system before implementing it. Be prepared to get feedback and make changes to a system even after it is implemented.
- Use the simplest system that works for the application purpose.
- Control implementation of new systems by every agency. Use systems that already exist.
- Make sure that paper forms match electronic forms and vice versa. However, do not require both paper and electronic submissions.
- Never allow a submission directly from a Principal Investigator without institutional approval.