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DESK REFERENCE FOR
GRANTS AND COOPERATIVE AGREEMENTS

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ADMINISTRATIVE AND FINANCIAL MANAGEMENT
EXTRAMURAL AGREEMENTS DIVISION

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1.1 Purpose and Background

This document outlines Economic Research Service (ERS) policies and administrative requirements for entering into and administering cooperative agreements awarded under the authorities of 7 U.S.C. 3318 and 3319a.

The terms "grantee" and "cooperator," used in this document, are synonymous and refer to a recipient of Federal funds under a Grant or Cooperative Research Agreement. The term "grant" applies to Grants and Assistance Type Cooperative Agreements unless otherwise indicated. Policy and principles described in this document apply equally to grants and cooperative agreements, unless otherwise specified.

Most ERS grants and cooperative agreements are discretionary, e.g., ERS is authorized to select the Cooperator and project to be supported. ERS may also determine the amount of award and the period of funding for specific projects. Some projects are mandated by Congress. However, this does not negate ERS' responsibilities, administrative policies, procedures, or requirements for entering into and administering these agreements.

1.2 Applicability

This document applies to ERS grants and cooperative agreements for domestic programs. Although ERS may cooperate with foreign governments and international organizations, the administrative requirements found in 7 CFR 3015, 7 CFR 3016, 7 CFR 3017, 7 CFR 3018, and 2 CFR 215 do not automatically apply to international Cooperators. This document should only be used as broad general guidance for international agreements.

1.2.1 Applicability of Title VI of the Civil Rights Act of 1964

The Office of General Counsel has determined that Title VI and 7 CFR Part 15, Subpart A (Nondiscrimination in Federally-Assisted Programs of the Department of Agriculture - Effectuation of Title VI of the Civil Rights Act of 1964), do not apply to certain ERS cooperative agreements which fit the definition in Section 1472(b) of the Food Security Act of 1985 (mutually beneficial and supported collaborative research projects between ERS and eligible organizations or individuals). **Non-discrimination certification is required for all ERS Grants and Assistance Type Cooperative Agreements. It is USDA policy, however, that all grant recipients shall be required to display the USDA Civil Rights Poster, "And Justice For All" (Form AD-475A) in furtherance of USDA civil rights policy.**

1.3 Definitions

The following represents terms found most frequently throughout this document.

Administrative and Financial Services (AFS). AFS is responsible for award, administration, and closeout of extramural agreements for ERS. AFS Acquisition Section provides support to ERS ADODRs in negotiating, awarding, and administering grants and cooperative agreements.

Authorized Departmental Officer's Designated Officer (ADODR). An ERS employee who is granted a limited delegation of authority from AFS to represent ERS throughout the agreements process. The ADODR is usually the Lead Economist for the project.

Assistance Type Cooperative Agreement. A legal document whereby, the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the recipient to accomplish a public purpose of support or stimulation. **There will be substantial involvement** between ERS and the recipient during performance of the activity, establishing the agency as a "partner" during performance. The agreement should document the recipient's as well as ERS' involvement in the project.

Cooperative Research Agreement. A legal document used to award Federal funding to a non-Federal entity (non-competitively), wherein the principal purpose of the relationship is to pursue joint research of mutual interest (7 U.S.C. 3318(b)). Both parties involved contribute resources, participate in the cooperative work to be accomplished, and benefit from the outcome of the research project. These relationships are interpreted to be true partnership relationships.

Extramural Research. Research conducted outside of ERS using the resources of non-Federal organizations and individuals.

Foundation Financial Information System (FFIS). Agency's accounting system.

Grant. A legal document used to award Federal funding to a non-Federal entity, where the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the recipient in order to accomplish a public purpose of support or stimulation. **There is no substantial involvement** between ERS and the recipient during performance of the activity as long as it is conducted according to the terms of the grant award. ERS acts as a "patron" of the grantee. ERS may get information or a report from the grantee, but this report would have to be available to the general public. **If the information or report sought is solely for the Government's use, the proper instrument is a contract.**

In-House Research. Research conducted by ERS personnel using ERS resources.

Mutual Interest. Mutual interest in the objectives of a cooperative agreement exists when all parties to the agreement have a need for goods, services, or research results and they pool their resources to achieve their joint needs or objectives.

Mutual Contribution of Resources. Contributions of resources by all parties toward the accomplishment of a cooperative effort. Mutual contribution of resources is best demonstrated by direct contributions of money to a cooperative effort. Other identifiable in-kind (non-monetary) contributions also may serve as evidence of contribution of resources, e.g., space, equipment, materials and supplies, personnel services or unrecovered allowable indirect costs not reimbursed by ERS.

The Cooperator's contribution must be no less than 20 percent of the total of the resource contributions under the cooperative agreement. Resource contributions of the Cooperator must consist of a sufficient amount of itemized direct costs to substantiate a true stake in the project as determined by AFS. The Cooperator's contribution must be maintained at 20 percent of Federal funding throughout the life of the cooperative agreement.

Non-Profit Organization. Any corporation, trust, association, cooperative, or other organization which is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; is not organized primarily for profit; or, uses its net proceeds to maintain, improve, and/or expand its operations. Nonprofit organizations include both private and public organizations including colleges, universities, schools, hospitals, and others. State, local, and Indian tribal governmental entities are not considered nonprofit institutions.

NOTE: **Publication No. 78, "Cumulative List of Organizations," published by the U.S. Treasury, IRS, contains a comprehensive listing of nonprofit organizations, and may be purchased from the GPO.**

Principal Investigator (PI). The individual designated by the Cooperator who will perform or direct the research effort of the Cooperator under the agreement.

State Cooperative Institutions. State Cooperative Institutions are defined in statute as

- The Land Grant Institutions
- The 1890 Institutions
- The State Agricultural Experiment Stations
- The State Extension Services
- The Cooperating Forestry Schools
- A college or university having an accredited college of veterinary medicine or a department of veterinary science or animal pathology or similar unit conducting animal health and disease research in a State Agricultural Experiment Station
- Colleges, universities, and Federal laboratories having a demonstrated capacity in aquiculture research
- Colleges, universities, and Federal laboratories having a demonstrated capacity of rangeland research

- Hispanic Serving Institutions
- Tribal Colleges and Universities

Substantial Involvement. Substantial involvement is anticipated between ERS and the recipient when the recipient can expect agency collaboration, participation, or intervention. The agency is substantially involved when it acts as a partner with the Cooperator.

1.4 Governing Statutes

Statutes Related to ERS Grants and Cooperative Agreements

Federal Grants and Cooperative Agreements Act of 1977 (31 USC 6301-6303)

ERS uses a Grant or Assistance Type Cooperative Agreement when the principal purpose of the relationship is to transfer a thing of value to a State, Local Government, or other recipient to carry out a public purpose of support or stimulation authorized by a law of the United States. Under these relationships, ERS is subject to the provisions in Title VI of the Civil Rights Act of 1964, 2 CFR 215 “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations”, and 7 CFR 3016 Uniform Administrative Requirements for Grants and Agreements to State and Local Governments”.

Food Security Act of 1985 (7 U.S.C. 3318(b)-3319a)

- Transactions conducted under these acts are classified neither as assistance nor procurement. Rather, the partnership relationship is established for the purpose of pursuing a common research objective, and is, therefore, recognized as a separate type of relationship that does not have as its purpose either acquisition or assistance. Cooperative Research Agreements and Cost Reimbursable Agreements are used by ERS under these authorities. These transactions are not subject to the federal financial assistance regulations.

1.5 Authority to Cooperate

Cross Reference: - 7 CFR 2.67

In order for ERS to enter into grants and cooperative agreements, ERS must:

- Have program authority to cooperate with the recipient.
- Have funding for the support of the project.
- Select the proper agreement instrument as defined in the applicable Federal statute.

The authority for ERS to cooperate with a recipient and the project to be performed by a Cooperator must be specifically authorized to ERS by statute. For example, ERS may not enter into a grant or cooperative agreement using the authority of the Secretary of Agriculture (unless the agreement is signed by the Secretary) or any other Federal Agency's

authority to cooperate or conduct programs, unless this statutory authority has been delegated to ERS. If a statute or regulation is silent or does not specifically state that ERS has authority to cooperate and perform a service, then the Agency does not have the authority and therefore may not enter into a cooperative agreement or grant arrangement.

1.6 Policies

ERS policy is to:

1. Determine and develop the appropriate agreement instrument as defined in the Federal Grants and Cooperative Agreements Act of 1977 (FGCA) (31 U.S.C. 6301-6308) and the Food Security Act of 1985 (7 U.S.C. 3318(b)-3319a).
2. Comply with applicable provisions of the U.S. Department of Agriculture's Uniform Federal Assistance Regulations, 2 CFR 215 and 7 CFR 3016, which applies to institutions of higher education, hospitals, and other nonprofit organizations receiving Federal financial assistance under grants and assistance type cooperative agreements.

OGC has ruled that Cooperative Agreements and Cost Reimbursable Agreements entered into under the provisions of Sections 1472(b), commonly referred to as the Food Security Act of 1985 (codified in 7 U.S.C. Part 3318(b)-3319a), are not assistance type transactions and are not subject to the provisions of 2 CFR 215 and 7 CFR 3016. Refer to REE Bulletin 04-154 - General Administrative Policy for Non-Assistance Cooperative Agreements. Web link: <http://www.afm.ars.usda.gov/ead/ppweb/04-154extended.pdf>

1.7 Responsibilities

The following is provided to define the roles and responsibilities of the key players for the management of agreements in ERS.

1.7.1 Administrator

The Administrator has overall authority and responsibility for all extramural agreements, although, he or she may delegate authority and responsibility in writing to other management officials within the Agency. The Administrator and other signatory officials are the exclusive ERS agents authorized to enter into and administer extramural agreements.

The Administrator will approve agreements which are international, ceremonial, precedent-setting or politically sensitive and any agreement \$100,000 and above.

1.7.2 Division Director (DD)

The DD has direct responsibility for extramural agreements carried out within their programs. DDs are authorized to commit agency funds up to \$100,000, and to enter into and administer extramural agreements. They must adhere to all applicable Federal rules, regulations, policies and procedures.

1.7.3 AFS

AFS is responsible for award, administration, and closeout of agreements and maintains official agreement files (ensuring that each is maintained in the format the Agency requires for consistency). AFS will take all authorized actions necessary to protect and advance the interest of ERS as follows:

- Ensure that the ADODR performs administrative duties which fall within the scope of the delegated responsibility of the position.
- Ensure that ERS has the necessary program authority before approving a proposed agreement.
- Determine the appropriate agreement instrument to be used in consultation with the ADODR.
- Ensure that the Cooperator includes a current negotiated indirect cost rate agreement when claiming indirect costs and that the correct rate is claimed (applicable to institutions other than State Cooperative Institutions and nonprofit organizations).
- Approve all final terms and conditions of the agreement.
- Ensure that the Cooperator does not start work planned under the agreement before the agreement is fully executed, unless preaward costs are authorized.
- Ensure that the agreement is in compliance with all applicable Federal laws and regulations, applicable OMB Circulars, and ERS policies.
- Ensure that a complete agreement package, workplan, and other required forms are routed through the proper channels before approving the agreement.
- Ensure that a Justification for Non-Competitive Federal Assistance (applicable to grants and Assistance Type cooperative agreements) is prepared and approved for non-competitive awards (**See Exhibit 1**).
- Ensure that the terms of the agreement are current, and that the agreement is revised, continued, suspended, or terminated as appropriate.
- Review Cooperator's inventory records of property purchased fully or in part with ERS funds, as applicable.
- Initiate and complete agreement closeout.
- Prepares AD-700 and assembles agreements request package.
- Take action on suspension or termination if recommended from the ADODR.
- Ensure that payments are processed in a timely manner and that all performance and financial reports requirements are met before processing the payment.

AFS is responsible for assisting the ADODR in developing the statement of work and budget ensuring that all applicable costs are covered in the development of budget proposals (including appropriate direct costs), and ensuring ERS indirect costs are included in Trust Fund and Reimbursable Cooperative Agreements as applicable.

1.7.4 ADODR

The ADODR is the Agency's technical representative who oversees the specific work to be performed. The ADODR is responsible for working with the Cooperator to:

- Develop a detailed Statement of Work (SOW), workplan, or project proposal.
- Negotiate proposed terms and conditions of the agreement and budgets (ensuring that ERS indirect costs are included in Trust Fund and Reimbursable Cooperative Agreements as applicable).
- Submit draft SOW with budget (Form REE-454 or REE-455) through appropriate channels to AFS.
- Review, recommend, approve/disapprove and forward invoices or Form SF-270 for payment to AFS.
- Monitor work progress, review and approve cooperator's progress reports, and financial status reports.

NOTE: Performance reports are reviewed to determine the level of program accomplishments and to resolve any discrepancies or deficiencies in program performance. ADODRs shall document all accomplishments, discrepancies, and efforts made to reconcile differences. These reports and/or site monitoring are the basis for approval/denial of payment requests.

- Document all efforts to obtain untimely reports and notify AFS when these requests for reports are ignored.
- Ensure that work by the Cooperator does not start before the agreement is fully executed, unless preaward costs are authorized.
- Notify AFS when suspension or termination is recommended.
- Provide technical direction to the Cooperator regarding program and administrative activities conducted within the scope of the agreement.

1.7.5 The Budget and Fiscal Officer

The Budget and Fiscal Officer is responsible for providing advice and guidance on entering the M1 obligation documents in FFIS on financial matters pertaining to extramural agreements.

1.7.6 The Extramural Agreements Division (EAD), AFM

EAD formulates, develops and implements Agency policy with regard to extramural agreements. EAD provides guidance to ERS program and administrative staff and Cooperator personnel as they develop extramural agreements. A dedicated agreement specialist provides guidance directly to ERS staff in developing, administering, and closing out agreements.

EAD is responsible for reviewing and approving ERS' cooperative agreements, forwarding completed agreements to the Cooperator for signature. In addition, EAD is responsible for entering the Payment Voucher (PV Document) in FFIS and deobligation documents to closeout agreements.

1.7.7 Cooperator's Principal Investigator (PI)

The Cooperator's PI is the designee responsible for the specific work to be performed as described in the agreement.

1.7.8 Ethics Office (and Agency Ethics Advisor)

Each Division is responsible for reviewing ADODR appointments for conflict of interest purposes. The ADODR is required to identify activity or financial interest with the cooperating organization.

If the ADODR identifies activity with the cooperating organization, the reviewer shall consult with the ERS Ethics Liaison for assistance in making a final determination. All such determinations shall be annotated in the official agreement file. ADODRs are required to complete form SEB-102, Conflict of Interest Certification for each award. Additional information on filing requirements may be obtained at: <http://www.afm.ars.usda.gov/hrd/ethics/criteria.html>

1.8 Obligation and Expenditure of Funds

1.8.1 Availability of Funds

Subject to an approved appropriation each year, funds awarded to Cooperators under cooperative agreements remain available for obligation at any time during the approved period of the project with the following exceptions:

- Cooperators may not obligate funds to conduct project activities after Federal financial support ends, either through expiration, termination, or denial of funding a continuation.

- Cooperators may not incur costs that exceed the amount authorized. ERS assumes no liability for project costs which exceed the total amount of Federal funds authorized in the Agreement.

1.8.2 Pre-award Costs

Funds may not be used to cover obligations or expenditures made prior to the start date of the agreement. Pre-award costs are rarely authorized by ERS and only under extenuating circumstances, such as, a Federal emergency, or where a financial hardship exists (when it is demonstrated that costs will dramatically increase prior to award). Pre-award costs may be covered in limited situations with the approval of the ADODR. The Cooperator must write ERS a letter explaining the need for the work to begin in advance of the approved agreement. The ADODR will approve/disapprove the request in writing to the Cooperator. If ERS approves pre-award costs, the letter must include the date on which the Cooperator may begin expending funds and a dollar limit which must not be exceeded under this temporary arrangement. It is REE policy that the pre-award period not to exceed 90 days prior to the execution of the agreement. Any funds expended under a temporary pre-award arrangement will be considered a part of the total funding amount provided by ERS. A copy of pre-award cost letter and approvals/disapprovals must be included in the official agreement file.

1.8.3 Liquidation of Obligations

All obligations incurred by a Cooperator should be liquidated at the end of the project period. If it is not possible for a Cooperator to complete their portion of the project within the time frame specified on the award document, the Cooperator must notify the ADODR in writing and request approval for an extension of time in which to complete the project and submit the final financial status report (FSR).

The final FSR should show an unobligated balance of Federal funds which indicates that all obligations have been liquidated. If the final FSR reflects a balance, it should be accompanied by a check for funds paid in advance or should be deobligated by EAD upon receipt of an agreement closeout form (provided to EAD by appropriate Division personnel).

1.8.4 Withholding Payments

Unless otherwise required by Federal statute, ERS will not withhold payments for proper charges incurred by Cooperators unless the Cooperator has failed to comply with award conditions or Federal reporting requirements, is indebted to the United States, or has been suspended. Funds withheld for failure to comply with agreement conditions, but without suspension, will be released to the Cooperator upon subsequent compliance.

1.8.5 Erroneous Payments

Advances or reimbursements made in error must be refunded by check payable to ERS if the erroneous payment creates an excess cash-on-hand condition. Excess funds should be promptly refunded and redrawn when needed if the funds are erroneously drawn in excess of immediate disbursement needs.

1.8.6 Safeguarding Funds

ERS award funds may not be commingled with personal funds or be used for personal purposes by any officer, employee, or agent of the Cooperator. No one may deposit these funds into personal bank accounts for disbursement by personal check.

1.9 Small Business Innovation Research (SBIR) Assessment on Extramural Agreement Funds

The Small Business Innovation Development Act of 1982 requires Federal Departments with Extramural Research and development budgets in excess of \$100 million to set-aside 2.5 percent of extramural research funds for awards to small businesses. (This rate may be changed at the beginning of each fiscal year as determined by Congress.) The Cooperative State Research, Education, and Extension Services (CSREES) administers the SBIR Program for USDA. At the beginning of each fiscal year, ERS provides CSREES with an estimate of how much the Agency anticipates it will spend on extramural research for the year. The Agency contribution for SBIR is funded through the Indirect Account.

1.10 Indirect Costs Prohibitions/Limitations

The following limitations apply to payment of indirect costs and tuition remission expenses under extramural agreements. It is important to note, however, that the **prohibition on the use of funds for reimbursement of indirect costs shall not be applied to funds for international agricultural programs or to funds provided by a Federal agency for such cooperative program or project through a fund transfer, advance, or reimbursement (e.g., via an interagency agreement between Federal agencies (7 U.S.C. 3319)).**

- **State Cooperative Institutions:**

ERS is prohibited by law to pay indirect costs or tuition remission costs under Cooperative Research Agreements with State Cooperative Institutions (7 U.S.C. 3319).

- **Nonprofit organizations (other than State Cooperative Institutions):**

A statutory cap of 10 percent for indirect costs applies to all Cooperative Research Agreements with nonprofit organizations. The 10 percent limitation does not apply to Grants and ATCA's awarded by ERS.

Note: This limitation is included in the General Provisions to the USDA Annual Appropriations Act.

- **All other organizations:**

Indirect costs at a negotiated rate not to exceed the audited rate of any Federally recognized audit agency designated by OMB, or as approved by the ADODR, are allowed under agreements with organizations other than State Cooperative Institutions or nonprofit organizations. The audited rate will be a percentage of total direct costs. The cognizant audit agency is normally the Federal agency providing the largest amount of funds to a particular organization.

Note: A copy of the recipient's indirect cost schedule must be received and maintained in the official agreement file prior to payment for such costs.

Refer to Exhibit 2, "Limitations on Payment of Indirect Costs and Tuition Remission" in this Document.

1.11 Reimbursement of Tuition Remission

Tuition remission may not be charged to any cooperative research agreement with a State cooperative institution. However, graduate and/or undergraduate students may be hired to perform mission-related work in ERS offices as long as the compensation paid these students represents a reasonable value for the services performed.

Refer to Exhibit 2, "Limitations on Payment of Indirect Costs and Tuition Remission" in this Document.

1.12 Indirect Costs on Trust Fund and Reimbursable Cooperative Agreements (Incoming Funds):

ERS overhead rate on incoming agreements may be negotiated and established at the prevailing rate at the time of execution of the agreement. The negotiated rate shall not be less than 19 percent of gross funding received.

1.13 Financial Reports and Payment Requests

The ADODR evaluates and recommends payments and acceptance of FSR (**See Exhibit 3**). The Cooperator shall report the status of funds as approved in the budget for the cooperative agreement. A FSR and/or a payment request consists of the following information:

- The name and address of the cooperator.
- The name and address of the PI.
- The name, address, and signature of the financial officer submitting the report.
- A reference to the cooperative agreement.
- Period covered by the report.

- An itemization of actual dollar amounts expended on the project during the reporting period (in line with the approved budget) and cumulative totals expended for each budget category from the starting date of the cooperative agreement.

FSR and payment requests may be submitted by the recipient organization quarterly, semi-annually or annually (either cash or accrual methods), unless otherwise stipulated in the award document. If reports are required quarterly or semiannually, they are due 30 days after the reporting period; annual reports are due 90 days after the expiration or termination of grant or agreement support, except in those cases where extensions have been granted. If unpaid obligations exist, the recipient should submit a provisional final report and an anticipated date for completion of the final report.

1.14 Performance Reports

Cooperators are required to submit an annual performance report (**See Exhibit 4**) to the ADODR in addition to quarterly or semiannual reports as required by the terms and conditions of the agreement. These annual reports are due 90 days after the cooperative agreement ends. Quarterly or semi-annual reports are due 30 days after the reporting period. A final performance report is to be submitted by the cooperator 90 days after the expiration or termination of grant support. A cooperator may request an extension to these reporting dates if there is adequate justification for the delay.

1.15 Project Files

All project documentation and copies of every relevant action are filed in the official agreement file and maintained by AFS throughout the duration of a research project.

1.16 Records Retention

Retention of ERS “Official” grant/cooperative agreement files shall be in accordance with REE Policy and Procedure 251.8, Records Management.

<http://www.afm.ars.usda.gov/ppweb/pdf/251-08.pdf>

2.1 General

Cooperative Agreements are agreements between ERS and another party that describe in detail a jointly planned, executed, and funded research program or project.

The lead responsibility for processing virtually all Cooperative Agreements rests with AFS.

2.2 Sequence of Actions Required to Enter Into Cooperative Agreements

The approval process begins with the initiating Lead Economist (usually the proposed ADODR) obtaining budgetary approval to enter into the agreement.

2.2.1 Preliminary Negotiations with the Cooperator

Once the project has been approved, the ADODR, with the assistance of AFS as necessary, can begin official negotiations with the Cooperator. These negotiations usually include:

- Developing a SOW which defines the objectives of the project and identifies the responsibilities of both parties.
- Discussions on funding arrangements (including allowability of indirect costs and expenses, and contribution of resources by the Cooperator). **Refer to Exhibit 2, for limitations on payments of indirect costs and tuition remission.***
- Period of performance and expectations.
- Requirements for technical, progress, and financial status reports.

***NOTE: The responsibility for negotiating and approving all final terms of the agreement resides with AFS.**

2.2.2 Preparation of the Request Package

- A detailed SOW that describes the steps/phases for which each party will be responsible. The statement should include:
 - Objective(s) of the research project
 - Approach.
 - Statement of mutual interest.
 - Responsibilities of both parties.
 - Frequency for Progress and Financial Reports.
 - An electronic version of the draft SOW should always be included in the package.

- Total performance period and a description of the project's phases. Consideration should be given to establishing phases if the project is funded for a period less than the total period or if continuation is based on results and conclusions developed over the course of the project. Phases should coincide with approved funding increments.
- **Form AD-700.** This form must be signed by the fundholder authorized to commit funds and certify funding availability. See REE Bulletin 04-154 - General Administrative Policy for Non-Assistance Cooperative Agreements, Section 11, Bona fide Needs Rule.
- **Form REE-454** (3 part budget form) must be used to prepare the cooperative research agreement budget.

The ADODR is responsible for completing columns 1 and 2 showing as follows:

Column 1: “Amount to be Reimbursed by ERS.” The budget must show the funded amount for the total project period or estimated budget(s) for each program phase if the project is authorized to be funded incrementally.

NOTE: ERS may not reimburse certain organizations for indirect costs. Refer to Exhibit 2 for limitations.

A justification for the following budget line items must be included with the budget:

Nonexpendable equipment is defined as equipment that will not normally be used up or consumed in service. The statement should show what will be purchased using Federal funds and how it will be used under the agreement. Generally, title to nonexpendable equipment will be vested with the Cooperator effective on the date of purchase.

Materials and supplies valued in excess of \$5,000 must be itemized.

Foreign travel must be itemized on the budget form.

Column 2: “Amount ERS will contribute to the project” (in-house costs), i.e., ADODR salary, support staff salary, materials/supplies, etc.

Column 3: “Amount the Cooperator will contribute to the project.” Cooperators contributions – The ADODR will obtain these figures from the cooperator.

NOTE: Refer to REE Bulletin 04-154 - General Administrative Policy for Non-Assistance Cooperative Agreements, Section 23, Resource Contribution, for guidance on 20 percent Mandatory In-Kind Resource Contribution requirements.

<http://www.afm.ars.usda.gov/agreements/files/GeneralProvisions.NACA.pdf>

- **Form REE-455** (2 part budget form) must be used to prepare the Grants and ATCA's budget(s).

Column 1: Funds Requested by the Recipient

Column 2: Funds approved by ERS. (If different from Recipient's proposal)

2.2.3 Final Negotiations - Indirect Cost Determination

If the Cooperator is not a State Cooperative Institution, the ADODR with the assistance of AFS must negotiate an indirect cost rate. For nonprofit organizations, the rate cannot exceed 10 percent and the rate for profit making organizations cannot exceed the audited rate of any federally recognized audit agency or as approved by AFS (**Refer to Exhibit 2 for guidance**).

2.3 Preparation of the Agreement

Upon receipt of the complete request package (Statement of Work, REE-451, REE-454 (budget for SCA), REE-455 (budget for Grants and ATCA's), AD-700, and M1 Document Printout), EAD performs a final review of the agreement package. EAD then assigns an agreement number, prepares the agreement and supporting documentation and forwards to the Cooperator for signature.

2.3.1 Agreement SOW

The SOW narrative will include Objectives, Approach and Statement of Mutual Interest, ERS/Cooperator's Responsibilities and Mutual Agreements as follows:

- **Objective(s).**
- **Approach.**
- **Statement of Mutual Interest.**
- **Responsibilities.** These sections should outline what the Cooperator and ERS agree to do separately and jointly, what mutual understandings have been reached, and reporting requirements for technical, progress and FSR.

- **Mutual Agreements.**

- Resource contribution narrative.

(A statement must be incorporated into the body of the agreement describing the contributions by the Cooperator toward the accomplishment of the objectives of the research agreement. If other than a monetary contribution, the value of the Cooperator's in kind contribution (e.g., salaries, space, material and supplies, etc.) must be included. The Cooperator's contribution must be no less than 20 percent of the total of the resource contributions under the cooperative agreement. Resource contributions of the Cooperator must consist of a sufficient amount of itemized direct costs to substantiate a true stake in the project as determined by AFS. The Cooperator's contribution must be maintained at 20 percent of Federal funding throughout the life of the cooperative agreement.

- Any specific terms and conditions not otherwise included in the REE Bulletin 04-154 - General Administrative Policy for Non-Assistance Cooperative Agreements.

- Payment Terms

(The terms and conditions within the body of the agreement specify whether the payment will be advanced or reimbursed, how frequently payments will be made, and required documentation in support of payment requests. It is important to process reimbursements promptly, as the Cooperator has already expended its funds. Requests for reimbursements should not be held up nor should payments be delayed due to administrative processes.)

2.3.2 Numbering Scheme - Form REE-451

Agreement Numbering Scheme

EAD establishes the agreement number for ERS' extramural agreements.

The numbering scheme is as follows:

5(8/9)-XXXX-X-XXX (F) (N/M)

58 or 59	XXXX	X	XXX	F	N or M
58-Cooperative Research Agr./MOUs 59-Grants or ATCAs	Identifies the ERS Division* responsible for the project	X = Fiscal Year indicator	Sequential Agreement Number assigned by EAD.	F= Foreign Agreement (as applicable)	N = NFCA M = MOU (as applicable)

*1000 = OA
 2000 = ISD
 3000 = MTED
 4000 = FED
 5000 = FANRP
 6000 = RRED
 8000 = EM
 9000 = Ind. Act.

2.3.3 Completion of the Agreement

After final negotiations are completed between the ERS and the Cooperator, EAD forwards the award package to the cooperator for signature.

2.4 Approval and Award of the Agreement

Upon acceptance and signature by the Cooperator, EAD returns the agreement to ERS for signature.

2.5 Distribution of Agreements

AFS is responsible for providing a fully executed copy of the cooperative agreement to the following:

- Cooperator
- Official file (retained by AFS)
- ADODR
- Budget Office (copy for FFIS obligation)
- EAD

2.6 Administration

2.6.1 Payment Processing

Cooperators shall be reimbursed electronically via FFIS, upon receipt of a properly executed invoice.

Content of Invoice:

At a minimum, the cooperator's invoice shall state the following:

- The name and address of the cooperator.
- The name and address of the PI.
- The name and address of the financial officer to whom payments shall be sent.
- A reference to the cooperative agreement.
- The invoice date.
- The time period covered by the invoice.
- Total dollar amount itemized by budget categories (labor, direct costs, and indirect costs, etc).
- The agreement number.

To facilitate the EFT process, the cooperator shall provide the following information:

- The name, addresses, and telephone number of the financial institution receiving payment.
- The routing transit number of the financial institution receiving payment.
- The account to which funds are to be deposited.
- The type of depositor account (checking or savings).

Advance payment authority should be noted on the REE-451 with a statement in the remarks section that advance payment is approved.

2.7 Amendments and Revisions

An amendment is required each time a project requires a change in scope, objectives or approach, duration, principal investigator, or increase/decrease of Federal funding.

2.7.1 Addition of Money or Change in Scope of the Project

An addition of money or change in scope of the project requires the following actions:

- Revised Statement of Work/Proposal explaining need for the change and the amount of both parties' contributions.

- Revised Form REE-454 revised budget.
- Complete Form AD-700 to commit additional funds/M1 FFIS obligation document.
- Revised Form REE-451 with changes noted.

2.7.2 Change in Duration of the Agreement

A change in the duration of the agreement initiated by ERS, requires the following actions:

- Revised SOW explaining need for the change, if applicable.
- Form REE-451 with changes noted.

2.7.3 Change in Principal Investigator or Novation

A change in the principal investigator or Novation requires the following actions:

- Form REE-451 showing changes.
- The Novation agreement, showing reason for the changes. A Novation agreement is a legal instrument executed by the Cooperator, the successor in interest, and ERS. This agreement guarantees that the successor will complete the agreement as negotiated by the original holder. The term "Novation" means the substitution of a new debt or obligation for an existing one between the same or different parties.

2.7.4 Administrative Amendments - No Signature Required by Cooperator

Change in Accounting Code
 Change of Address (with the request from the Cooperator)
 Extension of time (with the request from the cooperator)
 Change in ADODR

2.7.5 Suspension and/or Termination

Requests to suspend or terminate cooperative agreements are submitted by the ADODR to AFS. Suspension and termination procedures are found in form REE Bulletin 04-154 - General Administrative Policy for Non-Assistance Cooperative Agreements, Subpart C - Termination and Enforcement, Sections 67-69.

2.8 Closeout

AFS notifies the ADODR that the cooperative agreement is due to expire 90 days before expiration. At that time, they will discuss any need to continue the agreement and under what terms.

2.8.1 Procedures

AFS in consultation with the ADODR, is required to close out a cooperative agreement to ensure that all applicable administrative actions and all required work under the cooperative agreement have been completed by the Cooperator and ERS. AFS is responsible for notifying EAD when an agreement has unobligated funds which need to be deobligated in FFIS.

2.8.2 Documentation Required for Closeout

The ADODR and AFS is responsible for obtaining the following paperwork for the termination or closeout of an agreement:

- Prepares and signs Completion Statement to Closeout Agreement, provides a copy to EAD for appropriate action.
- Cooperator's final billing and final financial status report.
- Final performance report from the Cooperator
- Patent or inventions disclosure report, as applicable.

All original close-out documentation is maintained by ERS in the official agreement file.