

Additional Explanations, Tips, and Definitions for Grants and Cooperative Agreements

General Explanations for Financial Assistance Information

What is a grant or cooperative agreement?

Grants and cooperative agreements are defined as a transfer of money, property, services, or anything of value to a recipient in order to accomplish a public purpose through support or stimulation that is authorized by federal statute.

How do grants and cooperative agreements differ from contracts?

Grants and cooperative agreements cannot be a procurement contract. A contract is a legal instrument reflecting a relationship between the Department of Commerce and a business, organization, or individual whenever the principal purpose is the acquisition, by purchase, lease, or barter of property or services for the direct benefit or use of the federal government.

What is the earliest date, after the proposal deadline, that projects could start?

The earliest appropriate start date is generally stated in the Request for Proposals (RFP). The project period or length of the project must be at least one year.

Can the terms “grant,” “award,” and “cooperative agreement” be used interchangeably?

Grants and cooperative agreements are considered financial assistance. The terms “grant” and “award” are often used interchangeably to refer to both types of financial assistance instruments. Grants are different from cooperative agreements because grants do not have substantial involvement by the federal government. In a grant, the recipient is expected to perform the project without substantial collaboration or intervention by the National Oceanic and Atmospheric Administration (NOAA).

A cooperative agreement includes substantial involvement of the federal government during performance of the proposed activity. The recipient can expect substantial collaboration, participation, and/or intervention in the management of the project by NOAA.

What does “substantial involvement” by NOAA in a cooperative agreement mean?

How involved NOAA is in a project depends on the circumstances. The presence of a single factor, such as collaboration, participation, or management assistance, does not necessarily constitute substantial involvement. The following actions do not represent substantial involvement: exercising normal stewardship responsibilities during the project to ensure compliance with regulations, statutory requirements, award terms and conditions, and Office of Management and Budget circulars; becoming involved in a project solely to correct deficiencies in project or financial performance; performing a pre-award survey and requiring corrective action to enable the recipient to account for federal funds; and following normal procedures set forth by regulation concerning federal review of grantee procurement standards and sole source procurement.

Some examples of substantial involvement by NOAA include the ability to halt an activity immediately if detailed performance specifications are not met; NOAA requiring the recipient to meet or adhere to specific procedural requirements before subsequent stages of a grant project may continue; NOAA specifying direction or redirection of scope of work due to the

interrelationships with other projects; NOAA collaborating with the recipient by working jointly with a recipient scientist or technician in carrying out the scope of work, by training recipient personnel, or detailing federal personnel to work on the project; and by NOAA limiting recipient discretion with respect to scope of work, organizational structure, staffing, mode of operations, and other management processes, coupled with close monitoring or operational involvement during performance.

Tips for Addressing Common Mistakes Found on Grant Forms SF-424, SF-424A, and CD-511

SF-424 or SF-424A Application for Federal Assistance

What information goes into the blocks found in SF-424 or SF-424A Application for Federal Assistance?

Block 1 – Type of Submission.

Block 5 – Applicant Information. Legal name of applicant (e.g., university name and not the principal investigator's name); organization unit or department address including city, county, state, and zip code; and contact persons including the names, telephone numbers, and e-mail addresses of the people responsible for completing the application forms and budget.) DUNS numbers were required by applicants starting in fiscal year 2004.

Applicants must list their DUNS number in block 5. More information about DUNS numbers is on-line at the following two addresses:

http://www.dnb.com/US/duns_update/index.html

<http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-16356.pdf>

Block 6 – Employer Identification Number (EIN). It is important that an accurate number is provided because this number is used for identification purposes, drawing down funds, and reporting to the Internal Revenue Service.

Block 7 – Type of Applicant. The answer to this question affects the type of administration regulations and cost principles that are applicable to the recipient and required reviews.

Block 8 – Type of Application. “New” refers to a new award. “Continuation” refers to additional funding to continue activities for an existing award and usually involves an extension to the project period. “Revision” typically relates to an increase of funding for activities of an existing award that overlaps the current project period (overlapping funding periods cannot provide duplicate funding for the same activity).

Block 9 – Federal Agency. The Integrated Ocean Observing System falls under NOAA.

Block 10 – CFDA Number and Title. IOOS applicants should use the Coastal Services Center's CFDA, 11.473, when submitting proposals in response to the IOOS Broad Area Announcement.

Block 11 – Descriptive Title. This should reference scientific activity, but it does not have to be long.

Block 13 – Proposed Project Start and End Dates. The project period should correspond with budget period of funds being requested. An exception to this is that NOAA multiyear awards should include the entire multiple-year project period; however, funds on the SF-424 and SF-424A should only reflect the current year funding. It is very important that applicants ensure accuracy of dates because incorrect years and typos can cause significant delays in processing of application. The start date must begin on the first of the month and the end of the project must be on the last day of the month. The start date for proposals for IOOS

should not be before the earliest approximate start date that will be listed in a selection schedule section as part of each program's announcement.

Block 14 – Congressional Districts. The applicant's district is based on the address provided on Standard Form-424. The project's address is based on the address/location of work being done. A search of congressional districts can be conducted on-line at <http://www.congress.org/>.

Block 15 – Estimate Funding. The federal share must be the exact amount to be funded as recommended by the program selecting official. The nonfederal share can be listed all under "Applicant" only if from recipient resources or broken down by categories of state, local, or other if there are third-party contributions. This information must correspond with the Standard Form-424A Budget Information form.

Block 16 – State Review by EO 12372. This refers to Intergovernmental Review of Federal Programs. This applies only to certain programs and states. A state single point of contact list is on-line at http://www.cfda.gov/public/browse_by_12372.asp. Be sure to check the appropriate box including not applicable if this is the case.

Block 17 – Federal Debts. Do not leave this section blank.

Block 18 – Authorized Representative certification and signature block. The form must be signed and dated.

CD-511 Form (Certifications)

What do people often forget about form CD-511?

Please remember to fill out the back of this form. The back of this form (page 2) must be signed and dated by the authorized representative. The place of performance (e.g., the principle investigator's office address, including the county) must also be filled out on the back of the form. This information is commonly omitted on forms, which often delays the review process.

General Explanations and Definitions for Budget Preparation Object Class Categories

What is a Statement of Work?

The Statement of Work should identify the project's purpose and goal, describe objectives or tasks to be completed, and explain how proposed activities meet programmatic requirement.

What is a budget?

The budget is a breakdown of costs that will be incurred to complete the project described in the Statement of Work. The budget is an estimate of costs. The budget identifies the recipient's direct and indirect costs, as well as any matching funds or cost-share requirements. The budget provides an explanation of costs by object class categories. Object class categories, also known as line item costs, are the building blocks of your budget. The proposal package must also contain narratives that explain calculations and to support each budget category.

What costs can be included in the budget?

Costs included in the budget must be allowable, reasonable, allocable, and consistently applied. Cost principles can be found in the following references:

Office of Management and Budget (OMB) Circular A-87 States and Local Governments

OMB Circular A-21 Educational Institutions

OMB Circular A-122 Non-profit Organizations

48 Code of Federal Regulations (CFR) Part 31 For-profits and Individuals

What is a budget narrative? Why do I need it?

Simply put, a budget narrative is an explanation that supports each budget category and explains your calculations. It is critical that the budget narrative submitted with the application should match the dollar amounts on all required forms in order to avoid significant delays in the processing of applications by NOAA. In other words, Block 15 on Standard Form 424 must equal total costs identified on the Budget Information Standard Form 424A, which must match the budget detail and narrative.

What are object class categories?

Object class categories, also known as line item costs, are the building blocks of your budget. The object classes are listed and defined below.

Definitions for Object Class Categories Used in Budget Preparation

(Definitions are provided in the order the terms will be encountered in the forms.)

Personnel – Includes salaries and wages. Fringe benefits are listed separately. Provide a breakdown of personnel classification by job title. Identify key investigators (if applicable). State time commitments in hours or percent of time for each person/position. Ensure that time commitments and related charges appear reasonable. Ensure that the combined charges for each individual does not exceed 100 percent of his/her time. List total charges for each person/position with calculations of costs as federal and nonfederal. All costs charged directly for support or executive personnel must not be included as Indirect Costs. All personnel costs must be allowable (no federal employees or legislative personnel). Special considerations should be explained (if applicable). For instance, are individuals the employees of the applicant organization? Is a cost of living increase built into the budget? Are salary increases justified for the grant project?

Fringe Benefits – Identify separately from salaries/wages. Provide a description of benefits received by personnel when the fringe rate is more than 35 percent of the associated salary. Ensure that fringe benefits are charged to federal and nonfederal categories in the same proportion as salaries. Do not charge separately any costs that are included within the fringe rate or indirect costs.

Travel – Provide a breakdown of travel costs totaling more than \$5,000 or 5 percent of the award, or whichever is greater. State the destination and duration of trips. Estimate the cost and type of transportation involved. The government mileage rate was set at 37.5 cents a mile in January 2004. Give the number of travelers and the related lodging and subsistence (e.g., per diem costs). The budget narrative should briefly describe the travel involved and its purpose, and explain how the proposed travel is necessary for successful completion of the project regardless of the dollar amount. If travel details are unknown, then the basis for proposed costs should be explained (i.e., historical information). Do not pull numbers out of the air or list a lump sum estimate. Travel costs can be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or a combination of the two if applied consistently and if they result in reasonable charges. Applicants should remember the Fly America Act. This act limits the use of foreign flag carriers, but not foreign travel. Waivers are issued only for specific instances and may require prior approval.

Equipment – Equipment is nonexpendable, tangible personal property with a unit cost of \$5,000 or more and has a useful life of more than one year. Items that do not meet the equipment definition can be included under supplies. List each piece of equipment to be

purchased, and provide a description of how it will be used in the project. Lease versus purchase analysis should be completed as appropriate. A budget narrative should explain why the equipment is necessary for successful completion of the project. General use equipment (e.g., computer, faxes, etc.) must be used 100 percent for the proposed project if charged directly to the grant.

Supplies – An explanation is necessary for supplies costing more than \$5,000 or 5 percent of the award – whichever is greater. The requirements for supplies that exceed the threshold include the following: explain the type of supplies to be purchased or the nature of the expense in the budget narrative; provide a breakdown of supplies by quantity and cost per unit if known; and indicate basis for estimate of supplies, for example, historical use on similar projects.

Contractual – List each contract or subgrant as a separate item. Describe products and services to be obtained and indicate the applicability or necessity of each to the project. Provide separate budgets for each subgrant or contract regardless of the dollar value, and indicate the basis for the cost estimates. List all subgrants or contract costs under the “contractual” line item on Standard Form 424A. Do not incorporate the indirect costs line item for the applicant/grantee.

Other – List items by type of material or nature of expense. Breakdown total costs by quantity and cost per unit if applicable. State necessity of “other” costs for successful project completion. Exclude unallowable costs such as alcohol, contingency, entertainment, and fund raising.

Indirect Costs – The indirect costs should be based on an approved Indirect Cost Rate Agreement. A copy of the approved rate agreement should be included in the application package to prevent delays in the review process.