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**Uniform Guidance DS-2 Submission**

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# COGR

an organization of research universities

## COUNCIL ON GOVERNMENTAL RELATIONS

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October 10, 2014

Victoria Collin  
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Office of Federal Financial Management  
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725 17th Street, NW  
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Dear Victoria and Gil,

We appreciate the hard work, attentiveness to our concerns, and your commitment to make the Uniform Guidance implementation a success. As we approach December 26<sup>th</sup> and the implementation of the Uniform Guidance, the Council on Governmental Relations (COGR) is focused on addressing the few remaining items that will make a significant impact on the implementation.

We are encouraged by David Mader's comments posted on the COFAR web site. He emphasizes one of the important goals of the Uniform Guidance: *"to improve the effectiveness and efficiency of Federal financial assistance."* He goes on to say: *"For universities, this could mean more dollars to put towards the basic research that underpins innovation throughout the world."*

One area of the Uniform Guidance that requires an immediate fix prior to implementation is the Disclosure Statement requirement (DS-2) for Institutions of Higher Education (IHEs). As we all know, the ANPG from February 1, 2013 eliminated the DS-2 requirement for IHEs. Revisiting this issue would be consistent with David Mader's posting. In short, the DS-2 requirement will create frustrating new burdens for IHEs and the cognizant agencies responsible for approving the DS-2, without enhancing federal program accountability and transparency. We note the following:

- Accounting practices documented in the DS-2 are readily available in published policy and procedure documents maintained at IHEs. Consequently, the DS-2 is a redundant document that, simply put, creates more paperwork and administrative burden.
- Despite the claim by some in the audit community that the DS-2 is a necessary audit tool, our data suggests that the DS-2 is not a priority document used in federal or other audits.
- The COFAR has done a wonderful job of providing FAQs and clarifying statements related to the Uniform Guidance. However, in the area of the DS-2 process, the FAQs have led to even more questions. The approval process remains unclear, and the impact would be an inappropriate and unfair exposure to audit risk for IHEs.

*COGR Request for a Technical Correction to the Uniform Guidance  
Applicability of the Disclosure Statement (DS-2)*

- Finally, among those non-Federal entities that are major recipients of Federal financial assistance awards, only IHEs are subject to the DS-2 requirement. The DS-2 requirement is aligned with commercial enterprises that receive Federal contracts – to continue sweeping IHEs into this requirement is inconsistent with the spirit of Federal financial assistance awards and with how other major recipients of Federal financial assistance awards are treated.

While our first priority is to eliminate the DS-2 requirement as was done in the ANPG on February 1, 2013, the following change also could be considered. Under this change, IHEs that receive aggregate Federal awards totaling \$50 million or more remain subject to the cost accounting standards located at 48 CFR 9905.501, .502, .505, and .506. However, the trigger for submission of a Disclosure Statement (DS-2) would be based on CAS-covered contracts, consistent with commercial enterprises, rather than aggregate Federal awards.

**§ 200.419 Cost accounting standards and disclosure statement**

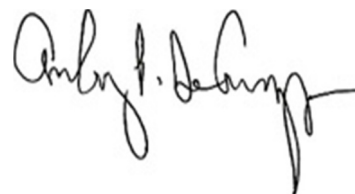
*(a) An IHE that receives aggregate Federal awards totaling \$50 million or more in Federal awards subject to this Part in its most recently completed fiscal year must comply with the Cost Accounting Standards Board's cost accounting standards located at 48 CFR 9905.501, 9905.502, 9905.505, and 9905.506. CAS-covered contracts awarded to the IHEs are subject to the CAS requirements at 48 CFR 9900 through 9999 and 48 CFR Part 30 (FAR Part 30).*

*(b) Disclosure statement. An IHE that receives aggregate ~~Federal awards~~ CAS-covered contracts totaling \$50 million or more subject to this Part during its most recently completed fiscal year must disclose their cost accounting practices by filing a Disclosure Statement (DS-2), which is reproduced in Appendix III to Part 200 -- Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs). With the approval of the cognizant agency for indirect costs, an IHE may meet the DS-2 submission by submitting the DS-2 for each business unit that received \$50 million or more in ~~Federal awards~~ CAS-covered contracts.*

This solution will provide consistency across all types of recipients, maintain a DS-2 requirement when an IHE reaches the CAS-covered contract threshold, restore fairness to the process without sacrificing accountability, and eliminate a potentially egregious administrative burden to both IHEs and their cognizant agencies, which could jeopardize a successful implementation of the Uniform Guidance.

Thank you for your consideration. David Kennedy is the point of contact and he can be reached at (202) 289-6655, ext. 112. We look forward to addressing this issue at your earliest convenience.

Sincerely,



Anthony P. DeCrappeo  
President

Cc: Karen Lee, Branch Chief, OFFM