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Read Your Notice of Award: Quick Tips Before You Spend a Dollar

Congratulations, you're funded! Before you begin your research project, take 15 minutes to read your Notice of Award (NoA) from start to finish. The NoA is the legally binding agreement between your company and the funding agency, and accepting the first drawdown of funds means you've accepted every term in it. Whether your award comes from NIH, NSF, or another federal agency, these tips will help you stay compliant.

Six things to look for

1. **Know your rulebook:** For-profit companies are governed by 2 CFR 200 for award administration and FAR Subpart 31.2 for cost principles, which determine costs that are allowable. Your NoA will also cite agency-specific policy, such as the NIH Grants Policy Statement or the NSF Proposal & Award Policies & Procedures Guide (PAPPG).
2. **Check the audit threshold.** Under the 2024 revisions to 2 CFR 200, an audit is required when an entity spends $1,000,000 or more in federal awards in a fiscal year (up from $750,000), for fiscal years beginning on or after October 1, 2024.
3. **Calendar your reporting deadlines.** Note the due dates for annual progress reports (such as NIH's RPPR or NSF annual project reports). Final reports are generally due within 120 days after the period of performance ends.
4. **Read the specific award conditions.** Look for terms that restrict spending, such as funds that can't be spent until IRB or IACUC approval is in place, or budget categories such as subawards and Technical and Business Assistance (TABA) that can't be rebudgeted to other categories without prior approval.
5. **Keep foreign and other support disclosures current.** If anything changes after award, such as new foreign appointments, affiliations, ownership, investment, or other resources, update your SBIR/STTR foreign disclosure and your key personnel's Other Support, then notify your agency promptly. NIH expects support that wasn't previously disclosed to be reported within 30 days of discovery.
6. **Watch for clinical trial terms.** If your project is a clinical trial, check your NoA for registration and reporting requirements. NIH requires all funded clinical trials to be registered on ClinicalTrials.gov within 21 days of enrolling the first participant, with results reported within one year of the primary completion date. Your NoA may also require Data and Safety Monitoring Board reports or additional milestone reporting.

Have an SBIR/STTR contract instead of a grant? Contracts, common at DOD, follow different rules. Your contract, not a NoA, is the governing document, and the FAR, DFARS, and clauses incorporated by reference apply instead of 2 CFR 200. Watch for deliverables listed in the CDRL, DCAA requirements such as incurred cost submissions on cost-type contracts, and cybersecurity requirements (DFARS 252.204-7012 and CMMC). Remember any change to your contract requires a modification from your contracting officer.

The bottom line

A quick read now can prevent disallowed costs, audit findings, and delayed funding later. BBC Entrepreneurial Training & Consulting offers post award management assistance. Reach out to us to discuss further.