

## Points to Consider for Reimbursement of Expenses Under Active Grants

### Federal Actions and Notices

Changes to federal payment systems, processes, and requirements implementing [Executive Order 14222 — Implementing the President's "Department of Government Efficiency" Cost Efficiency](#) (EO 14222), issued February 26, 2025, have increased recipient and federal requirements for routing payments to institutions.

EO 14222 directs Agency Heads to build systems that will record “*a brief, written justification*” for every payment by the agency employee approving the payment request. After the system is in place, Agency Heads must require written justification from the agency employee and, “*to the maximum extent deemed practicable by the Agency Head,*” post the justifications publicly.

### U.S. Department of Health and Human Services (HHS) Payment Management System (PMS) Draw Requirement

As described in the [March COGR Update](#), on February 14, 2025, HHS grant recipients received an email from PMS with the subject line, “UPDATE: HHS Payment Management System New Mandatory Field”. The email announced, “*a new mandatory field in the payment request screen at the subaccount level*” to capture the institution’s justification, “*explaining the purpose of the payment*”.

PMS does not appear to be modified to meet the requirement for the approving agency employee to submit written justification. Instead, the grantee institution provides the justification with the payment request and may then receive messages from an HHS *Defend the Spend* email address requiring additional details.

Several agencies outside of HHS also use PMS. Instructions for completing the field in PMS and responding to *Defend the Spend* emails are varied, increasingly onerous, and impractical. For example:

- NASA sent an email on March 17, 2025, stating that it was working to develop guidance, and later sent an email that included the following:

*To help ensure timely approval of payment requests submitted to NASA, we ask that all recipients include the corresponding budget category (as approved in your original budget) as part of the justification. Examples of*

*appropriate budget categories include:*

- *Salaries and Wages*
- *Fringe Benefits*
- *Equipment*
- *Travel*
- *Materials and Supplies*
- *Other Direct Costs*
- *Indirect Costs*

*Justifications should clearly identify all budget categories associated with the request. For example:*

*“Reimbursement is requested for the pre-approved budget categories of Salaries and Fringe Benefits for key personnel working on the grant (or cooperative agreement).”*

*Including this information will help streamline the review and avoid potential delays in payment processing.*

- OSHA stated in May that, for at least one program, in addition to providing details in PMS of expenses by natural classification, draw requestors should, “Be prepared to provide the developed financial report as an adequate support of the requested funds amount drawn down via email to me when requested.”
- USDA recently instructed recipients to:
  - Lists the specific program (FMPP or LFPP) instead of “a USDA grant program”;*
  - and identifies the specific cost categories included in the request*
    - *Justification must address every cost category – i.e.. if the payment is for personnel, fringe, travel and equipment*
      - *Payment for personnel to complete xyz, fringe of xx%, travel for xyz event and equipment purchase of xyz for xyz*

The USDA guidance also stated that failure “to meet the correct guidance will result in your payment being returned even if the documents are correct.”

- From EPA:

*The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date. If the recipient disagrees with the terms and conditions specified in this award, the authorized representative of the recipient must furnish a notice of disagreement*

to the EPA Award Official within 21 days after the EPA award or amendment mailing date. In case of disagreement, and until the disagreement is resolved, the recipient should not draw down on the funds provided by this award/amendment, and any costs incurred by the recipient are at its own risk.

- An email from CDC included:

*Payment request submitted via PMS must now go through an additional layer of review and response. If you received a request for clarification from Defend The Spend (DTS), you must respond directly to that link with all information that was included in the clarification request. ...*

*Once your response is received it will be reviewed again to ensure that it addresses all concerns in the clarification request. If all concerns have been addressed, OGS will approve the draw down and it will go back to PMS for release.*

*OGS cannot provide a timeframe in which the payment will be released by PMS.*

*Please note: If all concerns are not addressed you may receive a 2nd and possibly a 3rd request, until we receive the information necessary to approve your request. After the 3rd request, if OGS does not have enough information to approve the payment it will be rejected in PMS, and you will be required to resubmit the request ...*

*Example of acceptable justification: Payroll=\$2,500 and Fringe=\$500 for staff in accordance with the award terms and conditions for award 21U01DP00XXXX for the timeframe of 2/1/2025-2/28/2025.*

- NIH has not provided guidance, but COGR members report receiving dozens of Defend the Spend email demands after submitting draw requests.

## **Other Systems**

### **Department of Treasury Automated Standard Application for Payments (ASAP)**

On May 8, 2025, ASAP.gov Production Support sent an email stating:

*Effective Monday, May 19, 2025, the Department of the Treasury's Bureau of the Fiscal Service will require Recipient Organizations to include a justification for each payment.*

*This field is mandatory and will be required in the first step of the payment request process. View the following presentation to learn more about this new*

feature: <https://fiscal.treasury.gov/files/asap/asap.gov-payment-justification-recipient.pdf>.

...

Other agencies that use ASAP to process recipient reimbursements include the Department of Energy, Department of Justice, and the Department of Agriculture's National Institute of Food and Agriculture.

## **National Science Foundation (NSF) Award Cash Management Service (ACM\$)**

As of May 12, 2025, an FAQ posted on NSF's [Implementation of Recent Executive Orders](#) webpage advises, "Please do not change your payment submission process unless we provide guidance to all ACM\$ users through our normal channels."

NSF and other sponsors that do not use PMS or ASAP are expected to require the justification later.

## **Considerations**

Institutions should keep in mind that the EO requires the justifications to be "posted publicly," and responses to Defend the Spend emails may be subject to FOIA. For example, private institutions may need to be careful if one can derive salary information from the justifications.

As described in the [March COGR Update](#), a solid argument can be made that the new payment justification field should have undergone OMB's Office of Information and Regulatory Affairs (OIRA) approval process, which requires notice and comment in the Federal Register. Also, EO 14222 states that the required process is applicable to "covered contracts and grants" (defined as "discretionary spending through Federal contracts, grants, loans, and related instruments"). It is not clear that all expenditure reimbursements being questioned are under covered contracts and grants.

Further, these additional detail requirements are unlikely to prevent improper payment, and they ignore controls in place and information already available to the sponsor.

In addition to the excessive, unnecessary burden, COGR members report problems with unapproved payments sitting in the system, with no communication from the sponsor. This new process also creates difficulty for the COGR members in explaining allowable adjustments for prior period expenditure activity. For example:

- In July a \$10,000 equipment charge posts to a project account. However, in June the

project budget was exceeded by \$3,500 for researcher salary and that \$3,500 could not be billed until the next increment was received in July. In July the institution bills \$13,500 for personnel and equipment. There is not a payroll transaction in July, just a billable amount from a prior month.

- In July a \$10,000 equipment charge posts to a project account. In June a charge for scientific supplies of \$4,321 posts but the check was not sent until July 3. The institution subtracted \$4,321 in aggregate Accounts Payable, but in the system it is not tied to a particular transaction or category. In July we a rebate of \$86 also posts to the project account. The bill in July is \$14,407 (\$10,000 equipment, \$4,321 prior period AP reversal, and \$86 rebate credit). The institution is complying with cash management and applicable credit rules but the July detailed justification will likely be confusing.
- In July a \$10,000 equipment charge posts to a project account There was also a positive program income adjustment in July because in the companion program income account the project had \$2,000 less in expenses than income received. The institution is, therefore, billing \$8,000 (\$10,000 equipment minus \$2,000 program income. Again, the institution is following 2 CFR 200 (Uniform Guidance) requirements, but the detailed justification is not simple.

In some cases, requests for additional details are received after reimbursement. In others, payment may be delayed, potentially in violation of § 200.305 Federal payment, which requires reimbursement “payment within 30 calendar days after receipt of the payment request unless the Federal agency or pass-through entity reasonably believes the request to be improper.”

COGR members also report Defend the Spend follow-up emails that ignore rebudgeting authority, stating a particular costs detailed in the institution’s justification was not included in the budget.

## Possible Approaches

EO 14222, which prompted these requirements, provides for exceptions:

*Sec. 3. Cutting Costs to Save Taxpayers Money. (a) Contract and Grant Justification.*

- *Once the system described in subsection (a) of this section is in place, the Agency Head shall issue guidance, in consultation with the agency’s DOGE Team Lead, to require that the relevant agency employee promptly submit a brief, written justification prior to that employee’s approval of a payment under covered contracts and grants, subject to any exceptions the Agency Head deems appropriate.*

As the sponsor has previously reviewed, negotiated, and approved the grant budget, the standard institutional/grantee certifications, the annual progress reports, the Single audit report, the SF 425, the individual payment request certification, and possibly more, this new and inefficient requirement obviously adds no value and providing anything other than a standard response is, at best, impractical.

Recipients subject to Uniform Guidance [Subpart F, Audit Requirements](#), should be exempted from providing more detail, as agency responsibilities in that section require them to follow up on audit findings:

*§ 200.513 Responsibilities.*

*(c) **Awarding Federal agency responsibilities.** In addition to all other requirements of this part, the awarding Federal agency must:*

*(3) Follow-up on audit findings to ensure that non-Federal entities take appropriate and timely corrective action. Follow-up includes:*

*(E) Federal agency leadership sending a clear message that continued failure to correct conditions identified by audits likely to cause **improper payments**, fraud, waste, or abuse is unacceptable and will result in sanctions.*

Uniform Guidance requires recipients to have effective policies and procedures in place to ensure all costs charged to federal sponsors are allowable, reasonable, consistently treated, and allocable to the award. Federal audits, including under the Single Audit Act, test that these controls exist and that they are effective. Also, the institution certifies this is the case before submitting a request for reimbursement and when submitting financial reports. For example, “By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001).”

Further, the agency should be performing the risk assessment set out in Uniform Guidance [§ 200.206](#) to determine whether imposition of any specific conditions listed in [§ 200.208](#) is warranted to assess the integrity of the payment, as defined in OMB Circular A-123 Appendix C, *Requirements for Payment Integrity Improvement*. Institutions subject to Single Audit requirements and receiving no findings of improper requests for payment are typically not subject to specific conditions and should not be subject to the additional requirements of EO 14222.

Instead of requiring recipients to provide additional information in the payment systems, these provisions for risk assessment and payment integrity should be sufficient processes for the agency employee to approve payments in the agency’s payment systems and note the basis of the approval as required by the EO in the payment systems. For instance, the agency employee could note “Approved for low-risk recipient based on risk assessment dated XX/XX/XX and receipt of progress reports received xx/xx/xx.” Such an approach would meet the requirements of the EO without creating additional administrative burdens on the recipients.

Although it would still result in unnecessary burden, another option better than the current requirement, is for each agency to:

- Wait until it has built, “a centralized technological system within the agency to seamlessly record every payment issued by the agency pursuant to each of the agency’s covered contracts and grants, along with a brief, written justification for each payment submitted by the agency employee who approved the payment.”, as required by DO 14222; and
- Build the system to accommodate a new financial report, appropriately following OMB’s Office of Information and Regulatory Affairs (OIRA) approval process, that allows for institutions to upload expenditure data from their financial systems.

## Appendix – Applicable Uniform Guidance Excerpts

(*emphasis* added)

### § 200.206 Federal agency review of risk posed by applicants.

(a) Review of OMB-designated repositories of government-wide data.

(1) Prior to making a Federal award, the Federal agency is required to review eligibility information for applicants and financial integrity information for applicants available in OMB-designated databases per the Payment Integrity Information Act of 2019 ([Pub. L. 116-117](#)), the “Do Not Pay Initiative” ([31 U.S.C. 3354](#)), and [41 U.S.C. 2313](#).

(2) The Federal agency is required to review the responsibility and qualification records available in the non-public segment of the System for Award Management ([SAM.gov](#)) prior to making a Federal award where the Federal share is expected to exceed the simplified acquisition threshold, defined at [41 U.S.C. 134](#), over the period of performance. See [41 U.S.C. 2313](#). The Federal agency must consider all of the information available in [SAM.gov](#) with regard to the applicant and any immediate highest-level owner, predecessor (meaning, an organization that is replaced by a successor), or subsidiary, identified for that applicant in [SAM.gov](#). See [Public Law 112-239](#), National Defense Authorization Act for Fiscal Year 2013; [41 U.S.C. 2313\(d\)](#). The information in the system for a prior recipient of a Federal award must demonstrate a satisfactory record of administering programs or activities under Federal financial assistance or procurement awards, and integrity and business ethics. ***The Federal agency may make a Federal award to a recipient that does not fully meet these standards if it is determined that the information is not relevant to the Federal award under consideration or there are specific conditions that can appropriately mitigate the risk associated with the recipient in accordance with [§ 200.208](#).***

(b) Risk Assessment.

(1) The Federal agency must establish and maintain policies and procedures for conducting a risk assessment to evaluate the risks posed by applicants before issuing Federal awards. This assessment helps identify risks that may affect the advancement toward or the achievement of a project's goals and objectives. Risk assessments assist Federal managers in determining appropriate resources and time to devote to project oversight and monitor

recipient progress. This assessment may incorporate elements such as the quality of the application, award amount, risk associated with the program, cybersecurity risks, fraud risks, and impacts on local jobs and the community. ***If the Federal agency determines that the Federal award will be made, specific conditions that address the assessed risk may be implemented in the Federal award. The risk criteria to be evaluated must be described in the announcement of the funding opportunity described in [§ 200.204](#).***

...

### **§ 200.208 Specific conditions.**

(a) Federal agencies are responsible for ensuring that specific Federal award conditions and performance expectations are consistent with the program design (See [§ 200.202](#) and [§ 200.301](#)).

(b) The Federal agency or pass-through entity may adjust specific conditions in the Federal award based on an analysis of the following factors:

(1) Review of OMB-designated repositories of government-wide data (for example, *SAM.gov*) or review of its risk assessment (See [§ 200.206](#));

(2) The recipient's or subrecipient's history of compliance with the terms and conditions of Federal awards;

(3) The recipient's or subrecipient's ability to meet expected performance goals as described in [§ 200.211](#); or

(4) A determination of whether a recipient or subrecipient has inadequate financial capability to perform the Federal award.

(c) Specific conditions may include the following:

(1) Requiring payments as reimbursements rather than advance payments;

(2) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance;

### **(3) Requiring additional or more detailed financial reports;**

(4) Requiring additional project monitoring;

(5) Requiring the recipient or subrecipient to obtain technical or management assistance; or

(6) Establishing additional prior approvals.

***(d) Prior to imposing specific conditions, the Federal agency or pass-through entity must notify the recipient or subrecipient as to:***

- (1) The nature of the specific condition(s);
- (2) The reason why the specific condition(s) is being imposed;
- (3) The nature of the action needed to remove the specific condition(s);
- (4) The time allowed for completing the actions; and
- (5) The method for requesting the Federal agency or pass-through entity to reconsider imposing a specific condition.

**(e) Any specific conditions must be promptly removed once the conditions that prompted them have been satisfied.**

...

(d) Federal award specific terms and conditions. The Federal agency must include in each Federal award any specific terms and conditions that are in addition to the general terms and conditions. See also [§ 200.208](#). ...

#### **§ 200.305 Federal payment.**

(b) Payments for recipients and subrecipients other than States. For recipients and subrecipients other than States, payment methods must minimize the time elapsing between the transfer of funds from the Federal agency or the pass-through entity and the disbursement of funds by the recipient or subrecipient regardless of whether the payment is made by electronic funds transfer or by other means. See [§ 200.302\(b\)\(6\)](#). **Except as noted in this part, the Federal agency must require recipients to use only OMB-approved, government-wide information collections to request payment.**

...

(3) Reimbursement is preferred when the requirements in paragraph (b) cannot be met, when the Federal agency or pass-through entity sets a specific condition per [§ 200.208](#), when requested by the recipient or subrecipient, when a Federal award is for construction, or when a significant portion of the construction project is accomplished through private market financing or Federal loans and the Federal award constitutes a minor portion of the project. When the reimbursement method is used, the Federal agency or pass-through entity must make payment within 30 calendar days after receipt of the payment request unless the Federal agency or pass-through entity reasonably believes the request to be improper.

...

(6) Payments for allowable costs must not be withheld at any time during the period of performance unless required by Federal statute, regulations, or in one of the following instances:

(i) The recipient or subrecipient has failed to comply with the terms and conditions of the Federal award; or

(ii) The recipient or subrecipient is delinquent in a debt to the United States as defined in OMB Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables." Under such conditions, the Federal agency or pass-through entity may, after providing reasonable notice, withhold payments to the recipient or subrecipient for financial obligations incurred after a specified date until the conditions are corrected or the debt is repaid to the Federal Government.

(7) A payment withheld for failure to comply with the terms and conditions of the Federal award must be released to the recipient or subrecipient upon subsequent compliance. When a Federal award is suspended, payment adjustments must be made in accordance with [§ 200.343](#).

...

### **§ 200.339 Remedies for noncompliance.**

The Federal agency or pass-through entity may implement specific conditions if the recipient or subrecipient fails to comply with the U.S. Constitution, Federal statutes, regulations, or terms and conditions of the Federal award. See [§ 200.208](#) for additional information on specific conditions. When the Federal agency or pass-through entity determines that noncompliance cannot be remedied by imposing specific conditions, the Federal agency or pass-through entity may take one or more of the following actions:

(a) Temporarily withhold payments until the recipient or subrecipient takes corrective action.

(b) Disallow costs for all or part of the activity associated with the noncompliance of the recipient or subrecipient.

(c) Suspend or terminate the Federal award in part or in its entirety.

(d) Initiate suspension or debarment proceedings as authorized in [2 CFR part 180](#) and the Federal agency's regulations, or for pass-through entities, recommend suspension or debarment proceedings be initiated by the Federal agency.

(e) Withhold further Federal funds (new awards or continuation funding) for the project or program.

(f) Pursue other legally available remedies.

### **§ 200.415 Required certifications.**

(a) Financial reports must include a certification, signed by an official who is authorized to legally bind the recipient, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the

expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”

...

Other relevant sections of Uniform Guidance include:

§ 200.213 Reporting a determination that an applicant is not qualified for a Federal award.

§ 200.214 Suspension and debarment.

§ 200.302 Financial management.

§ 200.303 Internal controls.

*The considerations outlined above represent COGR's analysis, are not meant as legal advice, and do not supplant federal or state law or institutional policy. In utilizing the information contained herein, COGR advises close coordination with all appropriate institutional leadership and legal counsel.*

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## About COGR:

COGR is the national authority on federal policies and regulations affecting U.S. research institutions. We provide a unified voice for over 225 research universities and affiliated academic medical centers and research institutes. Our work strengthens the research partnership between the federal government and research institutions and furthers the frontiers of science, technology, and knowledge. We advocate for effective and efficient research policies and regulations that maximize and safeguard research investments and minimize administrative and cost burdens.

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For a list of current COGR committee members, [click here](#).