



JUN - 2 2016

Dear Cooperator:

The purpose of this letter is to inform you of the Agricultural Research Service's (ARS) immediate implementation of new policy on the inability to transfer prior year appropriated funds onto "follow-on" outgoing agreements.

Recently, the Department of Agriculture, Office of General Counsel (OGC) provided guidance to ARS on the appropriateness of executing "follow-on" outgoing agreements to continue the research when a Cooperator does not complete the work outlined under a previous five-year extramural agreement, and the appropriateness of transferring annual, appropriated base funds, obligated in prior fiscal years, to a "follow-on" outgoing agreement. Based on U.S Code Title 31, Section 1502 - "Balances Available" and OGC's guidance, ARS may no longer execute "follow-on" agreements with prior year appropriations.

Therefore, the new ARS policy prohibits the transfer of unspent prior year appropriated funds from an expiring agreement to a new agreement (often referred to as a "follow-on" agreement.) This policy impacts awards funded with time-limited appropriations, such a single-year appropriations, including congressionally mandated awards. The ARS and Cooperator Principal Investigators (PIs) must ensure that all funds needed to complete the work outlined in the agreement are expended by the agreement's expiration date (the end date, as reflected in the Period of Agreement block on the REE-451).

However, it is recommended that the Cooperator perform an internal audit of the agreement to ensure that all budgeted expenses have been reimbursed. A revised final financial status report may be submitted to the Authorized Departmental Officer (ADO) and ARS PI for Agency review and acceptance if necessary.

Under certain limited circumstances, ARS may execute a "replacement agreement" to an alternate Cooperator to complete the research project. The "replacement agreement" must cover the same period of performance, as the original award, and may not exceed the 5-year statutory limitation.

If you have any questions or need additional information, please contact the ARS PI or ADO identified on your extramural agreement award.

Sincerely,

ROBERT H. MAGILL

Director

Financial Management and Agreements Division