42.003 Cognizant Federal agency.

(a) For contractors other than educational institutions and nonprofit organizations, the *cognizant Federal agency* normally will be the agency with the largest dollar amount of negotiated contracts, including *options*. For educational institutions (defined as institutions of higher education in the OMB Uniform Guidance at 2 CFR part 200, subpart A, and 20 U .S.C. 1001) and nonprofit organizations (as defined in the OMB Uniform Guidance at 2 CFR part 200), the *cognizant Federal agency* for *indirect costs* is established according to the OMB Uniform Guidance at 2 CFR part 200, appendices III and IV, respectively.

(b) Once a *Federal agency* assumes cognizance for a contractor, it *should* remain cognizant for at least 5 years to ensure continuity and ease of administration. If, at the end of the 5-year period, another agency has the largest dollar amount of negotiated contracts, including *options*, the two agencies *shall* coordinate and determine which will assume cognizance. However, if circumstances warrant it and the affected agencies agree, cognizance *may* transfer prior to the expiration of the 5-year period.

Parent topic: Part 42 - Contract Administration and Audit Services