SOCIAL SECURITY ADMINISTRATION

GRANTS ADMINISTRATION MANUAL

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SSA
GRANTS ADMINISTRATION MANUAL (GAM)

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Part 1 GENERAL
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1-01-00 PURPOSE AND SCOPE

A. Purpose. The purpose of the Grants Administration Manual (GAM) is to prescribe Social Security Administration (SSA) policies and procedures relating to grants management. It is to serve as SSA's primary source of grants policies.—

B. Scope. The policies and procedures included in the GAM are internal administrative instructions for SSA. The GAM provides guidance on grants management issues to the SSA grants office and affected program offices at all organizational levels within SSA. It is intended to serve as a basic reference for those who are operationally engaged in the administrative and financial management of grants, as well as, those program directors and others within the agency who are involved in the award, review, or other program management aspects of grants.

The material in this manual is applicable to all grant programs administered by SSA unless otherwise specified.

As used in the GAM, the term "Agency" means the Social Security Administration.

C. Policy. It is SSA policy that, to the extent possible, (1) SSA staff operate under current and complete policies and procedures, and (2) recipients are subject to common requirements and are provided consistent interpretation of policies and procedures. The policies will emphasize techniques which are designed to strengthen recipient institutions and to provide incentives for improved management. They will exemplify the partnership relationship between SSA and the recipient community. This will be done by attempting to strike a proper balance between the requirements of accountability and the necessity for freedom and flexibility to pursue program objectives.

1-01-10 PLAN OF THE GRANTS ADMINISTRATION MANUAL.

A. Responsibility for the Manual. Primary responsibility for the manual's development and maintenance is assigned to the Office of Acquisition and Grants, Office of Deputy Commissioner for Finance, Assessment and Management.

B. Organization of the Manual. In general, the manual will follow the organization of the Office of Management and Budget (OMB) Common Grant Regulations and Circular A-110. Policy presented in this manner will more closely mirror the life cycle of the grants process, as well as provide staff with improved continuity and consistency in the arrangement of grants policies. Specifically, the manual will be arranged in the following major divisions or Parts:

Part1..... General
2..... Pre-Award
3..... Post-Award
4..... After The Grant
5..... Reserved

C. Revision and Maintenance of the Manual. New or revised section material will be dated, issued and filed in numerical order. For example, the first issued section revision of 2000 would be labeled 00.01. Exhibits are prefixed with the letter "X" and are assigned the same number as the section involved, to allow filing with the related section. For example, exhibit 1 for section 1-20 would be labeled X1-20-1.

Part 1 GENERAL
Section 02 DEFINITIONS

1-02-00 Purpose and Scope
1-02-10 Internal Implementation
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1-02-00 PURPOSE AND SCOPE

Purpose and Scope. The "Definitions" section of the Grants Administration Manual (GAM) provides a consolidation of terms commonly used in the administration and management of SSA assistance programs. This listing is not intended to be an all-inclusive listing of terminology used in grants management. The listing will provide grants and program administrators, as well as other SSA staff, with a single reference source of the most current definitions used in the grants management profession.

Although many sources were consulted, the terminology and definitions contained herein were chosen from the latest Office of Management and Budget issuances pertaining to grants since these represent several years of thought and input from numerous Federal agencies. Regardless of source, some definitions were modified to reflect common usage within SSA. While some terminology included in this section may vary from definitions found in other grants-related documents (including statutes and regulations), every effort was made to keep these definitions broad enough so that they do not conflict with other statutes and regulations. However, if any of these definitions conflict with or appear to modify definitions in regulations and statutes, the statutory and regulatory definitions will take precedence.

1-02-10 INTERNAL IMPLEMENTATION

Internal Implementation. SSA should adhere to the standard definitions as presented in this section of the GAM. Circumstances or usages of terminology within SSA may result in the need to modify any of the standard definitions, or add new definitions to those presented in this section.

1-02-20 DEFINITIONS

A. DEFINITIONS

Accrual Basis - An accounting method whereby revenues and expenses are identified with specific periods of time, such as a month or year, and are recorded when they are earned or incurred without regard to the date of receipt or payment of cash; distinguished from cash basis.

Accrued Expenditures - The charges incurred by the recipient during a given period requiring the provision of funds for:
(1) goods and other tangible property received;
(2) services performed by employees, contractors, subrecipients, subcontractors, and other payees; and
(3) other amounts becoming owed under programs for which no current service or performance is required, such as annuities, insurance claims, and other benefit payments.

ACOAG - Associate Commissioner, Office of Acquisition and Grants.

Acquisition Cost - The net invoice price of property or supplies including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, are included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices. It does not include costs for rental of property or alteration and rental of real property.

Additive Alternative - One of the three uses of program income which permits income that is generated under a grant to be added to funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objectives. (See "Deductive Alternative" and "Cost Sharing or Matching Alternative.")

Administrative Requirements - The general business management practices that are common to the administration of all grants, such as financial accountability, reporting, equipment management, and retention of records.

Advance - A payment made by Electronic Funds Transfer or other appropriate payment mechanism to a recipient upon its request either before cash disbursements are made by the recipient or through the use of predetermined payment schedules. Most advance payments are

processed via Electronic Funds Transfer. All advance payments are processed through the SSA Office of Finance, Division of Central Accounting and Reporting. Advance payments are made to recipient organizations, upon their requests, before cash disbursements are made by them on their assistance programs.

Alert List - An alert list is a list that is issued primarily to alert grants administration staff of recipients designated as "high-risk," or "at-risk." For example, the alert list circulated by the Department of Health and Human Services.

Allocable Cost - A cost is allocable to a particular cost objective (i.e., a specific function, grant project, service, department, or other activity) in accordance with the relative benefits received. A cost is allocable to a Government award where it is treated consistently with other costs incurred for the same purpose in like circumstances and (1) is incurred specifically for the award; or (2) benefits both the award and other work and can be distributed in reasonable proportion to the benefits received; or (3) is necessary to the overall operation of the organization.

Allotment - A process whereby the Federal agency calculates each recipient's share by applying the statutory formula applicable to a mandatory grant program.

Allowable Cost - A cost incurred by a recipient that is:
(1) reasonable for the performance of the award;
(2) allocable;
(3) in conformance with any limitations or exclusions set forth in the Federal cost principles applicable to the organization incurring the cost or in the Notice of Grant Award as to types or amount of cost items;
(4) consistent with internal regulations, policies and procedures that apply uniformly to both Federally-financed and other activities of the organization;
(5) accorded consistent treatment;
(6) determined in accordance with generally accepted accounting principles; and
(7) not included as a cost in any other Federally-financed grant (unless specifically authorized).

Alteration and Renovation - The work required to change the interior arrangements or other physical characteristics of an existing facility or installed equipment so that it may be more effectively used for the project. Alteration and renovation may include work referred to as improvements, conversion, rehabilitation, remodeling,

or modernization, but is distinguished from construction and large scale permanent improvements.

Applicable Credit - Those receipts that offset or reduce direct or indirect costs. Typical examples of such transactions are: purchase discounts, rebates, or allowances; recoveries or indemnities on losses; insurance refunds; and adjustments of overpayments or erroneous charges.

Appropriation Act - The statute that provides the authority for Federal agencies to incur obligations and to make payments out of the U.S. Treasury for specified purposes.

Approval or Authorization of the Awarding or Cognizant Federal Agency - The documentation evidencing written consent for a recipient to incur a specific cost, or take other actions that require prior approval. If costs or other actions are specifically identified in a grant application, approval of the application constitutes such authorization. If the costs are covered by a State/local-wide cost allocation plan or an indirect cost proposal, approval of the plan or the indirect cost rate constitutes the approval.

Approval List - A list sent by the Grants Management Officer to the Division of Finance, showing which grants on the list are approved for obligation of funding from the appropriation indicated.

Approved Budget - The recipient's financial expenditure plan, including any revisions approved by SSA, for carrying out a grant-supported project or activity. The approved budget includes Federal funds and may require non-Federal participation, the amount of which is specified on the initial award document and on any subsequent revised or amended award notice.

Assistance Instrument or Assistance Award - A grant or cooperative agreement.

Assurance - A certification by an applicant, normally included with the application or State plan, that it will abide by a particular requirement if awarded a Federal grant.

Audit Resolution - The action to resolve audit findings and recommendations, including management and systems deficiencies and monetary findings (i.e., questioned costs).

Authorizing Legislation - The statutory authority establishing a Federal program, either indefinitely or for a specified period of

time. Authorizing legislation is generally a prerequisite for appropriations.

Award - Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and contracts which are required to be entered into and administered under procurement laws and regulations.

Budget Period - The intervals of time into which a multi-year period of assistance (project period) is divided for budgetary and funding purposes. Budget periods are usually 12 months long but may be shorter or longer, if appropriate.

Capital Expenditure - The cost of an asset, including the cost to put it in place. Capital expenditure for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation may be included in, or excluded from, capital expenditure cost in accordance with the recipient organization's regular accounting practices.

Carryover Balance - Unobligated funds of the recipient from a previous funding period under a grant that are authorized for use to cover allowable costs in a current funding period.

Cash Basis - A basis of keeping accounts in contrast to the accrual basis, whereby revenue and expense are recorded on the books of account when received and paid, respectively, without regard to the period in which they are earned or incurred.

Cash Contribution - The recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.

Cash Management Improvement Act (CMIA) of 1990 - A law (Pub. L. 101-453 (1990); 31 U.S.C. •• 3335, 6501, and 6503.) which regulates the timing of cash flow and payment of interest on accounts between States and the Federal Government.

Catalog of Federal Domestic Assistance - A catalog published twice a year which describes domestic assistance programs administered by the Federal Government. This governmentwide compendium of Federal programs lists projects, services, and activities which provide assistance or benefits to the American public.

Categorical Grant - A grant having a specifically defined purpose.

Change of Grantee Institution - A process whereby the legal and administrative responsibility for a grant-supported project or activity is transferred from one legal entity to another before the expiration date of the approved project period. (See "Replacement Recipient.")

Closeout - The process by which SSA determines whether all applicable administrative actions and all work required by the grant have been completed by the recipient and SSA for a project or other specified period.

Code of Federal Regulations (CFR) - The codified regulations of the Federal Government containing a codification of the final agency regulations published in the Federal Register.

Cognizant Federal Agency - The Federal agency which, on behalf of all Federal agencies, is responsible for: reviewing, negotiating, and approving cost allocation plans, indirect cost rate and similar rates; monitoring non-Federal audit reports; conducting Federal audits as necessary; and resolving cross-cutting audit findings.

Commercial or For-profit Organization - An organization, institution, corporation or other legal entity that is organized or operated for the profit or benefit of its shareholders or other owners.

Common Accounting Number (CAN) - A number used in Federal financial transactions to facilitate tracking through the Federal accounting system. It contains accounting, organizational, geographical, and other data elements.

Common Rule - A process whereby Federal agencies issue essentially identical regulations under the direction of OMB. These regulations may be modified by an agency to reflect variations in statutory requirements. Examples of common administrative regulations include the "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," which implements OMB Circular A-102 guidance to Federal agencies (20 CFR Part 437 for SSA).

Competing Continuation Application - A request for assistance to extend for one or more additional budget periods a project period that would otherwise expire. Competing continuation applications compete with other competing continuation, competing supplemental, and new applications for funds.

Competing Continuation Award - An award of financial assistance which adds funds to a grant and extends one or more budget periods beyond the currently established project period.

Competitive Segment - The initial project period recommended for support (up to five years) or each extension of a project period resulting from the award of a competing continuation grant.

Competition or Competitive Review Process - A process normally followed under discretionary grant programs whereby applications are reviewed by an independent/objective review panel and evaluated against established review criteria and scored and rated accordingly.

Conflict of Interest - Any action by a reviewer in the grants review or awarding process which would affect, or could appear to affect, the reviewer's financial interest, or would cause the reviewer's impartiality in the grants process to be questioned. Specific situations include, but are not limited to, the following: a reviewer may not participate in the review or award of a specific grant application in which any of the following has a financial interest: (1) the reviewer, the reviewer's spouse, parent, child, or partner; (2) any organization in which the reviewer, the reviewer's spouse, parent, child, or partner serves as officer, director, trustee, partner or is otherwise similarly associated; (3) any organization in which the reviewer, the reviewer's spouse, parent, child, or partner is negotiating for or has an arrangement concerning prospective employment or other similar association; or (4) any organization in which the reviewer, the reviewer's spouse, parent, child, or partner has an interest with respect to any pending grant application competing under the same program as any other grant application to be reviewed by the same committee or group of field researchers.

Consortium Grant - A grant to one institution in support of a project in which any programmatic activity is carried out through a collaborative arrangement between or among the recipient institution and one or more other institutions or organizations which are separate legal entities, administratively independent of the recipient. The involvement of the non-recipient (collaborating)

institutions is that of actually performing a portion of the programmatic activity.

Consultant - A person who is engaged to give professional advice or services for a fee, but is not acting as an employee. The term includes paid guest speakers.

Contract - An award instrument used for the acquisition, by purchase, lease, or barter, of property or services.

Cooperative Agreement - An award instrument of financial assistance where "substantial involvement" is anticipated between the awarding Federal agency and the recipient during performance of the contemplated project or activity. "Substantial involvement" means that the recipient can expect Federal programmatic collaboration or participation in managing the award.

Cost Allocation Plan - Any of the following may, subject to approval, be considered cost allocation plans for recipients that are governmental units (i.e., State or local governments or Indian Tribal governments):
(1) "Central service cost allocation plan" means the documentation identifying, accumulating, and allocating or billing the allowable costs of services provided by a governmental unit on a centralized basis to its departments/agencies as described in OMB Circular A-87.
(2) "Public assistance cost allocation plan" means the documentation identifying, accumulating, and distributing the allowable costs of services provided by a public assistance agency/department in support of all Federal financial assistance programs administered or supervised by that agency/department as described in OMB Circular A-87.
(3) "Indirect cost rate proposal" means the documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the establishment of an indirect cost rate as described in OMB Circular A-87.

Cost Analysis - The breakdown and verification of cost data, including evaluating specific elements of costs and examining them to determine the necessity, reasonableness, and allocability of the costs reflected in the budget and their allowability pursuant to the applicable cost principles.

Cost Center - An identifiable department or area within a recipient's organization that has been assigned an account number in the recipient's accounting system for the purpose of accumulating costs.

Cost Objective - A function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which provision is made to accumulate those costs.

Cost Principles - The principles as set out in applicable statutes, regulations, grantor instructions, Office of Management and Budget Circulars and generally accepted accounting rules used for determining allowability, reasonableness, and allocability of costs applicable to grants, contracts, and other agreements.

Cost Sharing or Matching - That portion of allowable project or program costs not borne by the Federal Government.

Cost Sharing or Matching Alternative - An alternative use of program income whereby income accrued during the period of grant support may be used to satisfy a cost sharing or matching requirement. (See "Additive Cost Alternative" and "Deductive Cost Alternative.")

Cost-type Contract - A contract in which the contractor or subcontractor is paid on the basis of the allowable costs it incurs, with or without a fee.

Debarment and Suspension under Executive Orders 12549 and 12689 - The actions taken by a debarring official in accordance with Federal agency regulations implementing Executive Orders 12549 -- in SSA, Title 2 CFR Part 2336 "SSA Implementation of OMB Guidance on Nonprocurement Debarment and Suspension" -- to exclude a person or organization from participating in grants and other assistance awards. If debarred or suspended, the person or organization may not receive assistance funds (under a grant, cooperative agreement, or subgrant) for a specified period of time. Suspensions are temporary actions (no more than 18 months) preparatory to debarment, when immediate action is needed to protect the Government's interest. Debarments are generally three years in duration. Debarments and suspensions carried out under the Executive Orders are separate actions from suspension imposed by an awarding agency.

Decision Memorandum - document prepared by program official and signed by the approving official, indicating the approval or disapproval to fund a project activity.

Demonstration Project- A project, supported through a grant or a cooperative agreement, generally to establish or demonstrate the feasibility of new methods or new types of services.

Denial of Refunding - A denial of a noncompeting continuation award under the project period system of funding. (See "Withholding of Support.")

Deviation or Exception - A departure from a regulatory or policy requirement. With respect to defining a class deviation versus an individual deviation, an individual deviation represents a deviation being sought for one grant only that arises on a case- by-case basis. A class deviation involves more than one grant for which the same type of deviation action is being requested.

Direct Costs - Those costs that can be specifically identified with a particular project, program, or activity.

Discretionary Grant - A grant that permits the Federal Government, according to specific authorizing legislation, to exercise judgment ("discretion") in selecting the project, applicant/recipient organization and the amount of the award, through a competitive grant process. Types of activities commonly supported by discretionary grants include demonstration, research, training, and service projects or programs. Discretionary grants are sometimes referred to as "project grants."

Eligibility - The status an entity must posses in order to be considered for a grant.

Employer Identification Number (EIN) -
(1) for individuals, the social security number;
(2) for organizations, the unique number assigned by the Internal Revenue Service.

Entitlement or Open-ended Grant - A type of mandatory grant where there is no upper limit on the amount of funds the Federal Government will pay for allowable services and activities. Open-ended grants are often referred to as "open-ended entitlement grants" because the Federal Government pays a statutorily-required share of costs without dollar limits.

Equipment - The tangible nonexpendable personal property (including exempt property) charged directly to an award having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. However, consistent with recipient policy, lower limits may be established.

Excess Property - The property under the control of any Federal awarding agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities.

Executive Order - An order issued by the President of the United States which has the full force and effect of law on the Executive Branch of the Federal Government.

Executive Order 12372 (Intergovernmental Review of Federal Programs) - The process under which State and local officials review certain proposed Federal financial assistance (usually in the form of grant applications). The objectives of the process are to increase State flexibility to design a consultation process and select the programs it wishes to review, increase the ability of State and local elected officials to influence Federal decisions, and compel Federal officials to be more responsive to State concerns. For those states that participate in the process, a single State official or organization is designated for coordination of the review process and to send official State process comments and recommendations to Federal agencies. These State officials or organizations are referred to as State Single Points of Contact (SPOCs).

Exempt Property - The tangible personal property acquired, in whole or part, with Federal funds, where the awarding agency has statutory authority to vest title in the recipient without further obligation to the Federal Government.

Expenditure Report -
(1) The Financial Status Report; and
(2) all other OMB-approved program-specific expenditure reports.

Federal Acquisition Regulation (FAR) - The codification of uniform policies and procedures for acquisition by all executive agencies of the Federal Government except those statutorily exempted. (48 CFR Chapter 1.)

Federal Cash Transaction Report - A standard form, PMS 272, used to monitor cash advanced to recipients and to obtain disbursement information for each agreement with the recipients.

Federal Funds Authorized - The total amount of Federal funds obligated by the Federal Government for use by the recipient. This amount may include any authorized carryover of recipient unobligated funds from prior funding periods when permitted by agency regulations or agency implementing instructions.

Federal Grant and Cooperative Agreement Act of 1977 - The Act (31 U.S.C. • 6301 et seq.) which establishes guidelines for distinguishing Federal assistance relationships from Federal procurement relationships. It clarifies the difference between acquisition and assistance and requires the use of grants or cooperative agreements for the provision of general financial assistance whereas contracts are used to acquire goods or services for the direct benefit and use of the government.

Federal Share - The amount, generally expressed as a percentage of total project costs, of financial, property, or other direct assistance provided by the Federal Government to an eligible recipient to accomplish a public purpose of support or stimulation authorized by statute. The Federal and non-Federal share are so noted on the Notice of Grant Award.

Federally-recognized Indian Tribal Government - The governing body of any Indian tribe, band, nation, or other organized group or community [including any Native village as defined in section 3 of the Alaska Native Claims Settlement Act of 1971 (43 U.S.C. • 1601 et seq.)] certified by the Secretary of the Interior as eligible for the special programs and services provided through the Bureau of Indian Affairs.

Field Reader - A person selected to review grant applications during a competitive review process. Field readers may function the same as independent review group members except that they do not meet to discuss applications and their evaluations are submitted by mail.

Final Indirect Cost Rate - A permanent rate established after the actual direct costs for a given fiscal year of the organization are known and the actual amount of indirect costs applicable to Federally-sponsored programs have been determined. This type of rate is not subject to subsequent adjustment.

Financial Status Report (FSR) - A standard, Federal Government form, SF-269 (long form) or SF-269A (short form), used to monitor the financial progress of the grant and show the status of funds in non-construction programs. Both forms provide data by grant budget period and contain information on total outlays (Federal and recipient shares) and unobligated recipient balances. The long form is used for grants that involve cost sharing/matching or program income. The short form may be authorized for use in grants that do not have these types of financial activity.

Fixed Indirect Cost Rate - A permanent rate that has the same characteristics as a predetermined rate. However, unlike a predetermined rate, the difference between the estimated costs used to establish the fixed rate, and the actual costs of the period covered by the rate, is "carried forward" as an adjustment to the rate computation of a subsequent period.

Funding Period - The period of time when Federal funding is available for obligation by the recipient.

Government - A State or local government or Federally-recognized Indian tribal government or any subdivision thereof. The term does not include institutions of higher education and hospitals.

Grant - Financial assistance (including cooperative agreements) in the form of money, or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include: any Federal procurement subject to the Federal Acquisition Regulation (FAR); technical assistance (which provides services instead of money); or assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct payments of any kind to individuals.

Grant File - The official file of a particular grant that contains all significant documents and correspondence related to the award. It is maintained by the Grants Management Office.

Grantee - See "Recipient."

Grants Administration Manual (GAM) - The SSA internal manual setting forth guidance and administrative requirements and procedures for managing grants and cooperative agreements awarded by SSA.

Grants Management Officer (GMO) - The individual designated to serve as the SSA official responsible for the business management aspects of a particular grant(s) or cooperative agreement(s). The GMO serves as the counterpart to the business officer of the recipient organization. In this capacity, the GMO is responsible for all business management matters associated with the review, negotiation, award, and administration of grants and interprets grants administration policies and provisions. He/she works closely with the program or project officer who is responsible for the scientific, technical, and programmatic aspects of the grant.

Grants Management Specialist - A Federal staff member who oversees the business and other non-programmatic aspects of one or more grants

and/or cooperative agreements. These activities include, but are not limited to, evaluating grant applications for administrative content and compliance with regulations and guidelines, negotiating grants, providing consultation and technical assistance to recipients, post-award administration and closing out grants.

Grant Period - The period of time for which funds have been awarded: in incrementally funded projects this means from the beginning date of the project period to the expiration date of the most recently funded budget period. Also referred to as "funding" period.

High-risk or At-risk - terms used to describe a recipient whose risk of financial failure is determined to be high based on a history of poor performance or poor business practices, financial instability, or lack of a management system that meets the required financial management standards.

Human Subjects - Individuals whose physiologic or behavioral characteristics and responses are the object of study in a research project. Under federal regulations, human subjects are defined as living individuals about whom an investigator conducting research obtains data through intervention or interaction with the individuals or identifiable private information. The human subjects rules do not apply to research and demonstration projects involving programs, such as demonstrations under Section 1115 of the Social Security Act.

Incremental Funding - The process by which an awarding agency funds multi-year projects in budget periods. For example, a three-year project would normally be funded in three budget periods.

Independent Auditor - An individual accountant, accounting firm, public or private agency, association, corporation, or partnership sufficiently independent of the recipient being audited to render objective and unbiased opinions, conclusions, and judgments.

Indian-owned business - A business which is, at a minimum, 51 percent owned, controlled, and operated by an Indian or Indians.

Indirect Costs - Those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, program, or activity but are nevertheless necessary to the operations of the organization. For example, the costs of operating and maintaining facilities, depreciation, and administrative salaries are generally treated as indirect costs. (Note: for institutions subject to OMB

Circular A-21, the term "facilities and administration" is used to denote indirect costs.)

Indirect Cost Base - The accumulated direct costs (normally either total direct salaries and wages or total direct costs exclusive of any extraordinary or distorting expenditures) that are used to distribute indirect costs to individual Federal grant awards and programs.

Indirect Cost Pool - The accumulated costs that jointly benefit two or more programs or other cost objectives.

Indirect Cost Proposal - The documentation prepared by a recipient to substantiate its claim for the reimbursement of indirect costs. This proposal provides the basis for review, audit, and negotiation leading to the establishment of the organization's indirect cost rate(s).

Indirect Cost Rate - The ratio, expressed as a percentage, of an organization's total indirect costs to its direct cost base (commonly direct salaries and wages or total direct costs exclusive of any extraordinary or distorting expenditures). When a rate is established for a specific activity or program, the rate represents the ratio of the total indirect costs allocated to the activity or program to the direct base costs of the activity or program.

Indirect Cost Rate Agreement - The document that formalizes the establishment of indirect cost rates and provides information on the proper application of the rates.

Intangible Property and Debt Instruments - Trademarks, copyrights, patents and patent applications and such property as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership, whether considered tangible or intangible.

Invention - Any discovery which is or may be patentable or otherwise protectable. The term "subject invention" means any invention of an awardee conceived or first actually reduced to practice in the performance of work under a funding agreement, i.e., contract, grant, or cooperative agreement.

Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs - The GSA monthly debarment and suspension book. It contains one list for procurement and another for nonprocurement. (see "Debarment and Suspension.")

Local Government - A county, municipality, city, town, township, local public authority (including any public and Indian housing agency), school district, special district, intra- State district, council of governments (whether or not incorporated as a gateway.html corporation under State law), any other regional or interstate government entity (such as regional planning agencies), or any agency or instrumentality of a local government. The term does not include institutions of higher education and hospitals.

Low-cost Extension - An extension of time to a project period and/or budget period to complete the work under a grant, with minimal amount of further Federal support.

Maintenance of Effort - A requirement contained in authorizing legislation, regulation, or administrative policy stating that in order to receive Federal grant funds a recipient must agree to contribute and maintain a specified level of financial effort for the grant from its own resources or other non-Federal sources. This requirement is usually given in terms of meeting a previous base-year dollar amount.

Mandatory Grant - A grant that a Federal agency is required by statute to award if the recipient (usually a State) submits an acceptable State Plan or application and meets the eligibility and compliance requirements of the statutory and regulatory provisions of the grant program. Mandatory grants include open-ended entitlement grants, closed-ended grants, and block grants. In the past, mandatory grants were sometimes referred to as "formula grants."

No-cost Extension - An extension of time to a project period and/or budget period to complete the work of the grant under that period, without additional Federal funds or competition.

Noncompeting Application - Those applications which will be reviewed noncompetitively, rather than through the usual competitive review process.

Noncompeting Continuation Award - A financial assistance award for a subsequent budget period within a previously approved project period for which a recipient does not have to compete with other applicants.

Non-Federal Share - The portion of allowable project costs not borne by the Federal Government.

Nonprofit Organization - A corporation or association whose profits may not lawfully accrue to the benefit of any private shareholder or individual.

Notice of Grant Award(NGA)/Cooperative Agreement Award (NCAA) - The official award document, signed by the Grants Management Officer, or his or her delegate, that:
(1) notifies the recipient of the award of a grant;
(2) contains or references all the terms and conditions of the award and Federal funding limits and obligations; and,
(3) provides the documentary basis for recording the obligation of Federal funds in SSA's accounting system.

Outlays or Expenditures - The charges made to the Federally-sponsored project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subrecipients. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for the goods and other property received, for services performed by employees, contractors, subrecipients, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.

Payment Management System (PMS) - The HHS centralized grants payment system. Most HHS, and some other Federal Government agencies', recipients are paid through this system.

Predetermined Indirect Cost Rate - An indirect cost rate, applicable to a specified current or future period, usually the recipient's fiscal year. This rate is based on an estimate of the costs to be incurred during the period. Except under very unusual circumstances, a predetermined rate is not subject to adjustment.

Principal - An officer, director, owner, partner, key employee, or other person within a recipient organization with primary management or supervisory responsibilities; or a person who has a critical influence on or substantive control over a covered transaction, whether or not employed by the recipient organization. Persons who

have a critical influence on or substantive control over a covered transaction are:
(1) Project Director/Principal Investigator/Program Director; and
(2) Researchers

Printing - The processes of composition, platemaking, presswork, binding, and microform; the equipment used in such processes; or the end products produced by such processes and equipment.

Prior Approval - Written permission provided by an authorized official in advance of an act that would result in either (1) the obligation or expenditure of funds or (2) the performance or modification of an activity under the grant-supported project where such approval is required. Prior approval must be obtained from the designated Grants Management Officer for the grant involved. Documentation of the approved budget on the Notice of Grant Award constitutes prior approval. Prior approval applies for the performance of activities and expenditure of funds as described in the grant application, unless otherwise restricted by the terms and conditions of the grant award.

Program Announcement - An awarding agency's formal published announcement of the availability of Federal funding through one of its assistance programs. The announcement invites applications and provides such information as eligibility and evaluation criteria, funding preferences/priorities, how to obtain application kits, and the submission deadline.

Program Income - Regarding assistance relationships, the gross income received by the recipient and/or sub-recipient that was directly generated by the supported activity, or earned as a result of the award. Program income includes (but is not limited to) income from fees for services performed, the use or rental of real or personal property acquired under the grant, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and payments of interest on loans made with grant funds. Except as otherwise provided in statute, regulation, or the terms and conditions of the award, program income does not include interest earned on advances of grant or subgrant funds, or rebates, credits, discounts, refunds, etc., or interest earned on any of them.

Program Official/Project Officer - The Federal individual designated as the official responsible for the programmatic, scientific, and/or technical aspects of an SSA grant or grant program. He/she serves as the counterpart to SSA's Grants Management Officer who is responsible for all business management aspects of a grant.

Progress or Performance Report - A recipient report which contains for each grant information on the comparison of actual accomplishments to objectives established for the period. In addition, where the output of the project can be quantified, a computation of the cost per unit of output may be required.

Project Costs - The total allowable costs incurred by a recipient (and the value of the in-kind contributions made by third parties) in accomplishing the objectives of the award during the project period.

Project Director/Principal Investigator/Program Director - An individual designated by the recipient to direct the project or program being supported by a grant. He/she is responsible and accountable to officials of the recipient organization for the proper conduct of the project, program, or activity.

Project Period - The total time stated in the Notice of Grant Award (including any amendments) for which Federal support is recommended. The period may consist of one or more budget periods. It does not constitute a commitment by the Federal Government to fund the entire period.

Provisional Indirect Cost Rate - A temporary rate established for a given period to permit interim reimbursement of indirect costs pending the establishment of a permanent rate for the period. When a permanent rate is established, the indirect costs reimbursed based on the provisional rate are adjusted upward or downward to reflect the costs based on the permanent rate.

Reasonable Cost - A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Recipient or Grantee - The entity receiving financial assistance directly, in the form of a grant or cooperative agreement, from a Federal agency to carry out a project or program. Although grant funding and benefits may be limited to a particular site or component of a larger entity, the entire legal entity that received the award is legally responsible for carrying out a program or project, even if the grant award document refers only to the particular site or component. **For example, the recipient is the entire State or university, not just the named State agency or college.**

Reimbursement - A payment made by electronic funds transfer or Treasury check to a recipient upon its request after actual cash

disbursements are made by the recipient. Reimbursement of actual cash disbursements by electronic funds transfer is SSA's preferred method of payment; however, advance payments may be used in certain circumstances. Reimbursement payments are currently processed through SSA's Division of Central Accounting Operations in the Office of Finance.

Research and Development - All research activities, both basic and applied, and all development activities that are supported at universities and other institutions. "Research" is the systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

Small Business Concern - A business, including its affiliates, which is independently owned and operated, is not dominant in its field of operation, and can further qualify under the criteria concerning number of employees, average annual receipts, or other criteria, as prescribed by the Small Business Administration (Title 13 CFR 121, "Small Business Concern").

SMARTLINK II - An Electronic Funds Transfer (EFT) payment system which allows a recipient organization using a Personal Computer (PC) with a modem to dial directly into the Payment Management System (the HHS centralized payments system) and request Federal cash on its assistance programs as frequently as disbursements (outlays) are made. The cash is then electronically direct deposited into the recipient organization's account the next business day. SMARTLINK II can be used by any recipient organization that has a PC with a modem.

Sole Source Award - A new award, neither urgent nor unsolicited, which is not competed.

Special-purpose Equipment - That equipment which is only usable for research, medical, scientific, or other technical activities. This includes such items as microscopes, X-ray machines, and surgical instruments. The governing criterion for distinguishing general-purpose equipment from special purpose equipment is the potential use of the equipment, not its actual use. General-purpose equipment does not become special-purpose equipment merely because it is used only on research, medical, scientific or other technical activities, or because it is used in a scientific or technical location or environment.

State - Although the definition may vary in different statutes, generally it means any of the States of the United States, the District of Columbia, any commonwealth, territory or possession of the United States, or any agency or instrumentality of a State exclusive of institutions of higher education, hospitals and units of local government.

Stewardship - The management of assistance programs to be exercised by Federal officials. Grants management officials oversee the process of evaluating and awarding grants and actively participate in the management of grants to ensure that funding is properly and prudently utilized, that all applicable laws and regulations are followed, and that the mission of the sponsor is furthered.

Stipend - A payment made to an individual under a fellowship or training grant in accordance with pre-established levels to provide for the individual's living expenses during the period of training.

Subgrant - Financial assistance in the form of money, or property in lieu of money, made by a recipient to an eligible subrecipient using Federal funds. The term includes such financial assistance when provided by any legal agreement (even if the agreement is called a contract) but does not include any form of assistance which is excluded from the definition of "grant."

Supplemental Funding - The award of additional funds to:
(1) support new or additional activities which are not identified in the current grant or which significantly expand the project's scope beyond the purpose(s) for which the current grant was awarded;
(2) support an expansion of the grant approved activities; or
(3) provide for an increase in costs due to unforeseen circumstances.

Suspension - An action by a Federal awarding agency that temporarily suspends Federal financial assistance under an award, pending corrective action by the recipient or pending a decision to terminate the award by the awarding office. Suspension of an award is a separate action from suspension under agency regulations implementing Executive Order 12549, "Debarment and Suspension," found in Title 2 CFR Part 2336.

Termination - The permanent cancellation of the recipient's authority to obligate all or part of the funds which have been awarded to it. It also means the recipient's voluntary relinquishment of that authority. Termination is distinct from SSA's refusal to provide

additional funds through a non-competing continuation award (denial of funding/witholding of support).

Termination Cost - The cost incurred, or the need for special treatment of costs, which would only arise because the agreement had been terminated.

Terms and Conditions - All requirements imposed on a recipient by the Federal awarding agency, whether by statute, regulation, or within the grant award document itself. The terms of award may include both standard and special provisions, appearing on each Notice of Grant Award, that are considered necessary to attain the objectives of the grant, facilitate postaward administration of the grant, conserve grant funds, or otherwise protect the Federal Government's interests.

Third-party In-Kind Contribution - The value of non-cash contributions directly benefiting a grant-supported project or program that are provided by non-Federal third parties to the recipient, the subrecipient, or a cost-type contractor under the grant or subgrant without charge. In-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and goods and services directly benefiting and specifically identifiable to the project or program.

Total Project Costs - The total allowable direct and indirect costs incurred by the recipient to carry out an approved grant supported project or activity, including costs charged to the SSA grant, costs paid by the recipient from non-Federal sources, and the value of third-party in-kind contributions.

Unliquidated Obligation -
(1) For reports prepared on a cash basis, the amount of obligations incurred by the recipient that has not been paid; and
(2) For reports prepared on an accrued expenditure basis, the amount of obligations incurred by the recipient for which an outlay has not been recorded.

Unobligated Balance - The portion of the funds authorized by the Federal agency that has not been obligated by the recipient.

Unrecovered Indirect Cost - the difference between the amount awarded and the amount which could have been awarded under the recipient's approved negotiated indirect cost rate.

Unsolicited Application - An application received for a project which is not within the scope of any program announcement issued or

expected to be issued, but which clearly is within the scope of activities which can be supported by the awarding agency. Such applications must be submitted in writing and solely on the applicant's own initiative, without prior formal or informal solicitation by any Federal Government official.

Withholding of Payment - An action taken by SSA, after appropriate administrative procedures have been provided, which delays a recipient's ability to access its grant funds until the recipient takes corrective action required by SSA. This action is generally considered to be less serious than a suspension action.

Withholding of Support - A denial of a noncompeting continuation award under the project period system of funding. (See "Denial of Refunding.")

Woman-owned Business - A business which is, at least, 51 percent owned, controlled, and operated by a woman or women

Working Capital Advance - a procedure whereby funds are advanced to the recipient to cover its estimated disbursement needs for a given initial period.

Part 1 GENERAL
Section 03 SCOPE

1-03-00 Background
1-03-10 Intended Effect
1-03-20 Scope
1-03-30 Deviations
1-03-40 Documents Used in SSA Grants Administration

1-03-00 BACKGROUND

Grants administration policies and procedures published in this manual are internal administrative instructions. This manual defines the extent to which the policies are required to be followed in the administration of discretionary grant programs. This manual is written in terms broad enough to accommodate necessary differences among agency organizational arrangements and among individual programs.

1-03-10 INTENDED EFFECT

A. It is the opinion of SSA that if the standards and procedures in this manual are followed in their entirety, SSA's missions, insofar as they involve the making and administration of grants, will be more efficiently, effectively, and economically carried out. This manual is issued solely as an instrument of internal SSA management and with the sole intention of directing the employees of SSA to follow the policies, standards, and procedures set forth herein. Although some of the policies, standards or procedures could be prescribed by regulation having force or effect of law, either pursuant to such general authority as 5 U.S.C. 301 or pursuant to more specific authority such as statutes affecting a class or classes of programs, the policies, standards, and procedures herein are not so prescribed, and it is not the intent of SSA that this manual, in itself, have the force or effect of law.

B. Likewise, although this manual deals with many aspects of grants management that affect activities of the public who may or do apply for grants, it is not the intention of SSA to accord anyone any legal right, regulatory, contractual or other, in or to this manual or its enforcement.

C. It is the intention of SSA that its personnel comply with this manual and not deviate from it except when permitted to do so by authorized deviations within SSA. Notwithstanding that deviations may occur without such authority, it is the intention of SSA that such deviations shall not be grounds for assertion by anyone of any legal right but shall constitute solely, and be treated and dealt with, as breaches of the internal discipline of SSA, the sole accountability for which shall be to SSA.

1-03-20 SCOPE

The provisions of this manual apply to all grant and cooperative agreement programs administered by SSA. For the purpose of this manual, the use of the term "grant" is intended to mean "cooperative agreement" as well.

1-03-30 DEVIATIONS

A. As used herein, the term "deviation" means the use of any policy, procedure, form, standard, or grant condition which is inconsistent with an applicable provision of this manual. or failure to use when applicable a policy, procedure, form, standard, or grant condition which is required by this manual.

B. In the interest of maintaining uniformity to the greatest extent feasible, deviations from this manual not mandated by Federal statute shall be kept to a minimum:

C. In individual cases (i.e., where only a single grant is involved) or in classes of cases, deviations may be authorized by the Director, Office of Operations Contracts and Grants, OAG. In each instance, the grant file shall disclose the nature of the deviation, the reason for it, and the name and title of the authorizing official.

D. Deviations applicable to a program (group of grants) must be submitted by the Director, Office of Operations Contracts and Grants, OAG to the ACOAG for approval.

1-03-40 DOCUMENTS USED IN SSA GRANTS ADMINISTRATION

Listed below are key SSA and Governmentwide documents used in the administration of SSA grants and cooperative agreements.

1. Regulations.

2 CFR
- Part 2336 SSA Implementation of OMB Guidance on Nonprocurement Debarment and Suspension

20 CFR
- Part 435 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
- Part 437 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- Part 438 New Restrictions On Lobbying
- Part 439 Government Requirements for Drug-Free Workplace

37 CFR
- Part 401 Rights To Inventions Made by Nonprofit organizations and Small Business firms Under Government Grants, Contracts, and Cooperative Agreements

2. OMB Circulars

- A-21 Cost Principles for Educational Institutions
- A-87 Cost Principles for State and Local Governments
- A-102 Grants and Cooperative Agreements With State and Local Governments
- A-110 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-122 Cost Principles for Nonprofit Organizations
- A-133 Audits of States, Local Governments and Nonprofit Institutions

Part 1 GENERAL
Section 05 GRANTS MANAGEMENT OFFICER RESPONSIBILITIES IN THE ADMINISTRATION OF DISCRETIONARY GRANTS

1-05-00 Background and Purpose
1-05-10 Qualifications for Grants Officers
1-05-20 Appointment and Authority of Grants Officers
1-05-30 Functions of Grants Officers
1-05-40 Standards of Performance for Grants Officers

1-05-00 BACKGROUND AND PURPOSE

A. Effective administration of discretionary grant programs requires the active participation of staff who are trained and experienced in a variety of professional disciplines. Close coordination between and understanding of the responsibilities of these various participants is vital in order to achieve SSA program objectives. It is particularly important that the role of the grants management officer (GMO) be well defined and well understood.

B. The fundamental role of the grants management officer is to complement the technical knowledge of program officials with expertise in the business and other nonprogramatic areas of grants administration. In these areas, he or she advises and assists program officials, coordinates actions, and performs many important and necessary tasks. In addition, grants officers help ensure that both granting agencies and recipients fulfill all requirements of laws, regulations and formally established policies. In particular, SSA looks to the grants management officer to see that grants are awarded and administered in accordance with established policies included elsewhere in this manual and in 20 CFR Parts 435 and 437. The activities and functions of grants management officers are referred to at SSA as "grants management."

C. The GMO is one player among many in the overall administration of a grants program. Many decisions and determinations, including some of the most important, can be made only by program officials or only with strong input from program officials, such as determinations of the adequacy or an applicant's plans to accomplish project objectives, the extent of a recipient's compliance with

programmatic requirements, and the quality and degree of a recipient's performance.

D. The purpose of this section is to establish and delineate the role of the GMO in order to ensure an appropriate degree of consistency in carrying out grants management functions throughout SSA, and to define criteria for selection and standards for performance of grants officers.

1-05-10 QUALIFICATIONS FOR GRANTS OFFICERS

A. In selecting individuals to be designated as grants officers consideration shall be given to their experience, training, education, business acumen, judgment, character, reputation, and ethics. In considering experience, training, and education, the following shall be given special consideration:

1. Experience in the field of grants management gained in a Government or non-Government grants management office or related experience, such as auditing of Federal grants or negotiation and administration of Federal cost reimbursement contracts with State or local units of government and nonprofit organizations.

2. Formal education or special training (including Government conducted or sponsored courses) in grants administration or pertinent fields such as business administration, law, accounting, and public administration.

3. Knowledge of applicable laws, regulations, executive orders, and policies.

1-05-20 APPOINTMENTS AND AUTHORITY OF GRANTS OFFICERS

A. SSA shall appoint at least one grants management officer who shall be responsible for performing or ensuring the performance of the functions set forth, in section 1-05-30 and to whom the authority described in paragraph 1-05-20B shall be delegated. A grants management officer may be assigned to more than one grant program.

B. 1. The grants management officer shall have the authority, in coordination with authorized program officials, to issue:

(a) notices of grant award for properly approved grant applications;

(b) amendments to notices of grant award; and

(c) correspondence involving the business management aspects of grants except that which falls under the cognizance of finance officers, indirect cost rate negotiators, or auditors.

2. The documents listed in subparagraph 1-05-20B.l may not be issued without the GMO's signature unless they are signed by the Director, Office of Operations Contracts and Grants or the Associate Commissioner, Office of Acquisition and Grants. A GMO may not redelegate this authority, although a Chief Grants Management Officer may redelegate his authority to another Grants Management Officer over whom he or she has line authority.

C. 1. Only the SSA Commissioner may appoint grants officers. This authority to appoint grants officers may not be delegated below the level of the ACOAG.

2. GMOs may be appointed at the organizational level which the appointing official considers most effective. However, they must be placed at an organizational level sufficiently high to enable them to perform their duties and responsibilities without being subject to pressures and influences which would tend to restrict the full and objective exercise of the functions and authorities provided in this section.

3. GMOs shall be independent of program offices. Therefore, a grants officer must not be any person:

(a) whose duties include (except as provided in this section and except incidentally or occasionally) defining the purposes for which grants shall be made, recommending approval or disapproval of any grant application because of programmatic

considerations, or providing programmatic advice or assistance to any project assisted by a grant;

(b) who has line authority over any person having the duties descried in clause (a) above; or

(c) who is under the line authority of any person having the authority described in clause (b) above.

4. Grants Management Specialists are individuals that work under the general direction of a GMO.

1-05-30 FUNCTIONS OF GRANTS OFFICERS

A. At a minimum, GMOs shall be responsible for the functions listed in the succeeding paragraphs of this section. In performing these functions, the grants officer will make maximum use of and will not duplicate functions performed by other duly authorized SSA officials.

B. 1. The GMO shall advise and assist management and program officials in developing, implementing, and evaluating program plans, strategies, regulations, announcements, guidelines, procedures, etc., applicable to the programs for which he or she has been designated as the cognizant GMO. The GMO is responsible for approving all grant program announcements.

2. The GMO shall be given the opportunity to review formally and comment on proposed program guidelines, regulations, announcements, general operating procedures, etc., applicable to programs for which he or she has been designated the cognizant grants officer. In addition, where the grants officer and the grants management official are the same individual, please note the requirements of section 2-35-20 I.

3. Instructions for independent review groups (and their scoring sheets) shall not be distributed to those groups without the clearance of the grants officer.

C. The GMO shall be responsible for interpreting and carrying out grants management policies and procedures applicable to the grants for which he or she is the cognizant grants officer. As the responsible individual for interpreting grants management policy, the grants officer will

coordinate with program officials to assure that programmatic implications are considered, and with grants management policy officials to assure consistency of interpretation.

D. The GMO shall serve as liaison with other grants offices in other Federal agencies.

E. The GMO shall work with other appropriate officials in establishing deadlines for publishing announcements, receiving applications, awarding grants, etc. In doing so, the grants officer shall attempt to ensure that deadlines allow sufficient time for carrying out actions in an effective manner.

F. The GMO shall assist in ensuring the effective utilization of federal program funds available for granting by analyzing individual and total commitments, forecasting future obligations, and identifying potential lapses of appropriations. The grants officer shall have information available which shows the status of federal funds available for each program for which he or she is responsible. This information should reflect the current amounts of funds obligated, and other financial information necessary for effective management of grant programs. In performing this function, the grants officer should not duplicate the functions of the finance or budget office, nor keep extensive records.

G. The GMO shall serve as the central point for receipt and initial processing of all grant applications and related documents forwarded to the program for which he or she serves as the GMO. The GMO shall mark all applications with their assigned number and the date officially received. He or she shall notify each applicant in a timely manner of the acceptance or other disposition of their application. He or she shall maintain a log with information necessary for tracking each application.

H. 1. The GMO is responsible for monitoring and guaranteeing the integrity of the competitive process. When practicable, the grants officer shall attend grant application review panel meetings in an advisory capacity. When requested, he or she shall interpret grants management policies to panel members. In addition, when any actions they propose conflict with

existing requirements, he or she shall so advise the members.

2. The grants officer shall either prepare the ranking of applications, or countersign it, as required by Section 2-50.

I. 1. To the extent necessary, the GMO shall perform or have performed a cost analysis on approved applications prior to award of a grant. A comprehensive cost analysis consists of obtaining cost breakdowns, verifying cost data, evaluating specific elements of costs, and examining data to determine the necessity, reasonableness, and allocability of the costs reflected in the budget and their allowability pursuant to the applicable cost principles. The purpose of the cost analysis is to assist in determining
   (a) the extent of the prospective recipient's understanding of the financial aspects of the project and the recipient's ability to perform the grant activities with the funds requested (giving appropriate consideration to matching and cost sharing requirements),
   (b) facts which can be reasonably expected to contribute to sound estimates of future costs,
   (c) the extent to which the applicant's plans will accomplish the project objectives with reasonable economy and efficiency,
   (d) the changes, if any, which need to be negotiated in the prospective grant's budget, and
   (e) the special conditions, if any, relating to costs that should be placed on the award.

2. The extent of the cost analysis necessary will vary among projects and shall be determined by the GMO on the basis of the comments of the application reviewers, the amount and type of costs involved, the nature of the project, and past experience with the applicant organization. When appropriate, the cost analysis shall be coordinated with the indirect cost negotiators in other Federal agencies to insure consistency of direct and indirect costing.

3. Based upon this cost analysis, any change in the amount to be awarded from that requested, and any special conditions to be placed on the grant, the GMO shall

negotiate, as necessary, the final grant budget. The negotiation shall be closely coordinated with program staff when the costs involved affect programmatic aspects of the project.

J. The GMO shall request a survey of a prospective recipient's financial management systems when appropriate or when required.

K. Except where a uniform percentage of cost sharing or matching is required by statute or regulation, the GMO shall negotiate any required cost-sharing or matching agreement with the applicant prior to award of a grant. The results of the negotiation shall be included as part of the terms of the grant.

L. The GMO shall issue each notice of grant award and any related amendments. Unless signed by the GMO, a properly delegated official or the SSA Commissioner, the notice or amendment shall not be binding on the Government.

M. The GMO shall ensure that all documents needed by the cognizant finance office are sent to that office. When he or she believes that a grant should be paid by the reimbursement method, he or she should so instruct the finance office.

N. The GMO shall monitor the grants process to ensure that all required actions are performed by the recipient and the Government in a timely manner, both prior to and after award.

O. The GMO shall serve as a mandatory control point for all official communications and contacts with the recipient which commit or may result in committing SSA to a change in the amount of the grant, the grant budget, or any terms and conditions of the grant. The grants officer shall sign or countersign all such correspondence. The GMO shall also sign or countersign any other correspondence to the recipient involving the business management aspects of the grant. This shall include all correspondence giving or denying any prior approval required by the terms of the grant, such as approval for changes to the scope or objectives of the grant, for rebudgeting or for specific types of cost such as nonexpendable personal property, for subgranting or transferring project activities, etc. It

shall also include correspondence interpreting grants management policies. Decisions which involve both grants management and procurement considerations shall be closely coordinated between the grants officer and program officials.

The requirement that the GMO sign all correspondence involving the business aspects of a grant shall not apply to correspondence of financial management officials concerning payments or correspondence constituting part of the recipient's indirect cost negotiation, and shall not preclude grants management policy officials or other authorized non-program officials from issuing interpretations of grants management policies within the scope of their authority.

P. The GMO shall serve as the receipt point for performance reports, financial status reports, and most other reports required by the terms and conditions of the grant, and shall ensure that such reports are properly processed. (This is not intended to require that invention reports, reports required only by payment offices, and other reports intended primarily for use by persons outside the cognizant program and grants office be addressed to grants officers). Upon receipt of reports, the GMO shall distribute copies to appropriate staff. When reports are not received or are determined to be inadequate, grants officers will initiate or cause to be initiated appropriate action.

Program officials shall review all performance reports. The grants officer shall review all financial status reports. The GMO shall investigate any significant changes in the rate of expenditure from that anticipated and, when programs, functions, or activities are separately budgeted for, compare actual expenditures to budgeted amounts. To the extent appropriate, review of financial status reports should be coordinated with reviews of performance reports to relate the financial information to the programmatic information. The GMO should provide appropriate assistance to program officials in assessing project costs.

Q. The GMO shall provide for the continuing surveillance of the financial management aspects of grants through reviews of reports and recipient correspondence, site visits, or

other appropriate means. When deemed necessary, the GMO shall request or arrange for special audits.

R. Site visits are an important part of effective grants management. Subject to the availability of resources, a GMO should visit a recipient organization whenever there is a specific reason for doing so, justifying the cost involved and the possible disruption to the recipient's operations. Joint site visits by GMOs and program officials are encouraged, since they can often be more effective than separate visits by each.

S. The GMO shall resolve or participate in the resolution of audit findings involving grant programs for which he or she is the grants officer. The GMO must either be responsible for resolving such findings or be afforded the opportunity to review and comment on them prior to the agency's official position being made known to the recipient.

T. The GMO shall maintain the general program information files and individual grant folders and shall ensure that the files and folders contain all required materials, records, and documentation.

U. The GMO shall be responsible for coordinating all grant termination and suspension actions and shall approve and sign all notices of suspension and termination. The GMO shall ensure that any termination and suspension actions are carried out in accordance with applicable regulations and policies, and that there is full documentation of all findings and conclusions on which decisions to terminate or suspend a grant are based.

V. The GMO shall take all necessary actions to close out grants when all applicable administrative actions and required work of the grant have been completed by the recipient and the granting agency. In performing this function, the grants officer shall see that each grant file is reviewed to ensure that the interest of the Government has been adequately protected and that all significant actions are fully documented before the closeout process is completed.

1-05-40 STANDARDS OF PERFORMANCE FOR GRANTS OFFICERS

A. As in other professional positions of responsibility, GMOs must be free to exercise their professional judgment with respect to their areas of responsibility without undue pressures or controls. With such freedom, however, goes the responsibility to exercise such judgment in accordance with high standards of professional and ethical conduct. At a minimum, GMOs shall perform their duties in accordance with the standards listed in the succeeding paragraphs of this section.

B. GMOs shall give due consideration to the significance and impact of their actions upon established program goals and objectives. They shall coordinate with responsible program officials on all business matters which impact on the activities of the grant-supported project.

C. GMOs shall avail themselves of the advice of specialists in the fields of finance, accounting, law, audit, grants management policy, and the various program oriented disciplines as necessary, to carry out their duties and best serve the interests of the Government.

D. GMOs shall carry out all functions for which they are responsible, including the application of policies and procedures, with due professional care, fairly and objectively, and in a timely and consistent manner.

E. GMOs shall take those steps necessary to meet the responsibilities and perform the functions listed in section 1-05-30. In those instances where activities for which GMOs are responsible are performed by others outside of their jurisdiction and control, the GMOs shall remain responsible for insuring that such activities are satisfactorily performed or of alerting those in authority when the activities are not being so performed.

Part 1 GENERAL
Section 10 PROGRAM OFFICIAL RESPONSIBILITIES IN THE ADMINISTRATION OF GRANTS

1-10-00 Background and Purpose
1-10-10 Qualifications for Program Officials
1-10-20 Appointment, Organizational Placement, and Major Responsibilities of Program Officials
1-10-30 Functions of Program Officials
1-10-40 Letter to Recipient

1-10-00 BACKGROUND AND PURPOSE

A. This section defines the role of the program official in the administration of grants, as distinguished from the role of the grants management specialist (see GAM Section 1-05 entitled, "Grants Officer Responsibilities in the Administration of Discretionary Grants").

B. In general, program officials act as project officers and are concerned with programmatic, scientific, and/or technical aspects of grant programs. Their position titles may or may not specifically reflect their responsibilities as program officials. Grants management staff are concerned with the business management aspects of grant programs. Their position titles usually reflect their specialization in grants management.

C. The approving official at SSA must rely on the advice and recommendations of both program and grants management staff and close coordination and understanding between the two types of staff is clearly vital to the achievement of program objectives. The proper stewardship of federal grant funds depends on the integrated efforts of the program official in determining the appropriateness and value of proposals and in providing programmatic, scientific, and/or technical expertise, and of the grants management specialist in observing policy and applying sound business practices to grants administration.

1-10-10 QUALIFICATIONS FOR PROGRAM OFFICIALS

Each grant program component is responsible for ensuring that individuals selected to serve as program officials are capable of performing these functions in a professional and ethical manner. Special considerations in selecting program officials may include formal training and experience in both the program area and in the program official's functions; knowledge of applicable laws, regulations, and policies; and knowledge of awarding office goals and program priorities.

1-10-20 APPOINTMENT, ORGANIZATIONAL PLACEMENT, AND MAJOR RESPONSIBILITIES OF PROGRAM OFFICIALS

A. Program officials participate in numerous pre- and post-award activities. It is important for each program official's responsibilities to be well-defined.

B. For each grant program, the organizational component responsible for administering the program should specify the organizational unit or staff responsible for performing the functions of program officials, and for ensuring that adequate resources are available to perform the functions.

C. For each grant award, a program official should be appointed to be responsible for the programmatic, technical, and/or scientific aspects of grant funding and administration.

D. In administering grants, a proper balance needs to be struck between programmatic and business management considerations. Because program officials must exercise their professional judgment with respect to their areas of responsibility, the program official and that individual's organization should operate independently from the grants management specialist and that individual's organization.

E. Program officials serve as counterparts to the applicant or recipient project director. On the Federal side within SSA, program officials interact mainly with grants management specialists and review staff to ensure proper consideration and coordination of grants management activities.

1-10-30 FUNCTIONS OF PROGRAM OFFICIALS

A. Program officials have both general functions regarding grant programs and specific functions regarding the programmatic administration of individual grants.

B. General functions include conducting or assisting in the:

1. Development of grant program regulations, guidelines, and application instructions.

2. Establishment of goals for new programs or activities, or changes in existing grant programs, and development of implementation plans, where appropriate.

3. Development and distribution of program announcements and other information to stimulate competition and assure a fair opportunity for qualified applicants. (Please note, however, that the grants management officer should clear program announcements prior to issuance.)

4. For cooperative agreements only, establishment of the extent and ways the Federal government will be directly involved in achieving the objectives of the agreement.

C. Program officials also perform more specific functions, subject to the limitations contained in GAM Section 2-35-40, "Consultation with Applicants," and GAM Section 2-50-110 A., "Unsolicited Applications." These sections provide that program officials must give consistent and fair treatment to all requestors of information, and that program officials may not specifically solicit applications from any particular organization. Specific program official functions include:

1. Encouragement of grant application development, where appropriate, by the:

a. Conduct of meetings with potential applicant organizations.

b. Provision of limited technical assistance in the preparation of applications, including:

-- Explanation of programmatic requirements, regulations, guidelines, technical evaluation criteria, and funding criteria.
-- Provision of guidance to applicants regarding possible linkages with other organizations or resources.
-- In conjunction with the grants management specialist, provision of general information on business management policies.
-- Provision of preapplication reviews, for programs which require a preapplication, to determine the appropriateness of the application to the announcement topics, the inclusion of any required activities, and project plan compliance with program regulations and guidelines.

2. Assisting in application review and other preaward activities, including the:

   a. Provision of guidance to the independent reviewer regarding program policy, goals and objectives, evaluation instructions and criteria, specific areas of need, and any other relevant issues.

   b. Presentation of relevant reviewer's comments and concerns to negotiating and awarding officials.

   c. In coordination with the grants management specialist, assuring that the budget, financial plan, and business administration aspects of the application reflect project needs and program requirements.

   d. Supplying of programmatic or technical information to the grants management specialist who is negotiating the grant budget.

   e. Resolution with applicant of any programmatic concerns or deficiencies prior to award, and recommendation of any special conditions to be associated with the award.

   f. Notifying unsuccessful applicants regarding programmatic deficiencies, identifying application's strengths and weaknesses noted during the review process, to assist them in competing more effectively

in the future.

3. Participating with the grants management specialist in post-award grants administration, including:

   a. Provision of direct consultation and assistance to recipients.

   b. Overall evaluation of project performance and problem identification and resolution.

   c. Conduct and documentation of site assessments to substantiate progress and compliance with program legislation, regulations, and policies.

   d. Provision of information or recommendations in areas such as maintenance or rescission of special conditions, assuring that project expenditures are appropriate, and the necessity of rebudgeting or actions requiring prior approval.

   e. Referring incoming written prior approval requests received by the program office to the Grants Management Officer/Grants Management Specialist (GMO/GMS) for correspondence control purposes. Providing requested input on the disposition of prior approval requests to the GMO/GMS within the specified time frame. Having a working knowledge of types of costs/activities requiring prior approval. Referring questionable situations to the GMO/GMS - e.g., in response to a grantee request, determining whether a grantee is required to obtain SSA prior approval in a particular situation.

   f. Provision of recipient progress assessments to the grants management specialist before continuation awards are made.

   g. Serving as the focal point for responding to programmatic and technical correspondence from the recipient and providing input to grants management staff on correspondence from recipients on business management issues.

4. Assisting the grants management specialist in project closeout, including review and programmatic evaluation of the final recipient progress report, recipient publications, and any other required reports; and assessing project results and disseminating reports of these results to the appropriate audience(s).

D. It is important to note that the program official and the grants management specialist work as a team, in close consultation with each other.

1-10-40 LETTER TO RECIPIENT

The Grants Management Officer should issue a letter or other notice to each recipient at the time of award. This letter should designate both relevant program and grants officials as contact points, and should state briefly the types of responsibilities held by each.

Part 2 PRE-AWARD REQUIREMENTS
Section 05 DISTINGUISHING PROCUREMENT AND ASSISTANCE RELATIONSHIPS

2-05-00 Background and Purpose
2-05-10 Scope
2-05-20 Policy
2-05-30 Distinguishing Procurement and Assistance Relationships
2-05-40 Implementation

2-05-00 BACKGROUND AND PURPOSE

A. The Social Security Administration accomplishes its many and diverse missions to some extent through direct in-house activities but predominantly through non-Federal organizations, using instruments reflecting either a procurement purpose or an assistance purpose. These instruments are intended to be different in purpose and application and, when properly employed, create different relationships between the parties.

B. The Federal Grant and Cooperative Agreement Act of 1977 (P.L 95-224), (hereafter referred to as the Act) requires executive agencies to distinguish procurement relationships from assistance relationships and provides some general guidance on helping make these distinctions. The Act requires the use of procurement contracts for all agency acquisition activity, and the use of assistance instruments (grants or cooperative agreements) for specified types of assistance relationships.

C. The purpose of this section is to repeat and augment the guidance in the Act on distinguishing between those situations in which a procurement contract or an assistance instrument (grant or cooperative agreement) is the appropriate instrument.

2-05-10 SCOPE

This section applies to those relationships between SSA and a recipient in which the principal purpose of the relationship is the transfer of money, property, services or anything of value to a recipient to accomplish a public purpose of support or stimulation (assistance) or acquisition (procurement). This

section does not cover all possible relationships that may exist between SSA and others. For example, sale of property, when not for the purpose of support and stimulation is not within the scope of the Act.

2-05-20 POLICY

A. Agencies will use contracts for all procurement actions and assistance agreements to transfer money, property, services, or anything of value to recipients to accomplish a Federal purpose of stimulation or support authorized by statute.

B. For-profit organizations shall be eligible for assistance awards whenever consistent with legislative intent and program purposes.

C. In statutory statements on eligibility, terms such as "private organizations," when unqualified, shall be construed as including for-profit organizations unless the legislative history shows a different intent.

2-05-30 DISTINGUISHING PROCUREMENT AND ASSISTANCE RELATIONSHIPS

A. The Act requires (1) use of a procurement contract when the principal purpose of a transaction is acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; and (2) use of an assistance instrument (grant or cooperative agreement) when the principal purpose of a transaction is the transfer of money, property, services or anything of value to accomplish a public purpose of support or stimulation, authorized by Federal statute. The primary beneficiary under a grant or cooperative agreement is the public, as opposed to the Federal Government.

B. Agencies should interpret the requirement to use assistance (grants or cooperative agreements) to "accomplish a public purpose of support or stimulation authorized by Federal statute" as including but not restricted to traditional assistance transactions which SSA traditionally has called "grants." Thus, for example, where an agency within its authority enters into a transaction where the principal purpose of the transaction is to stimulate or support

research it must use either a grant or a cooperative agreement. Conversely, if the principal purpose of a transaction funding research is to produce something for the Government's own use, a procurement contract must be used.

1. Procurement contracts would normally be used for the following purposes:

   (a) evaluation (including research of an evaluative character) of the performance of Government programs or projects or recipient activity initiated by the funding agency for its direct benefit or use.

   (b) technical assistance rendered on behalf of the Government to any third party, including those receiving grants or cooperative agreements.

   (c) surveys, studies, and research which provide specific information desired by the Government for its direct activities, or for dissemination to the public.

   (d) consulting services or professional services of all kinds if provided to the Government or, on behalf of the Government, to any third party.

   (e) training projects where the Government selects the individual or specific groups whose members are to be trained or specifies the content of the curriculum (not applicable to fellowship awards).

   (f) planning for Government use.

   (g) production of publications or audiovisual materials required primarily for the conduct of the direct operations of the Government.

   (h) design or development of items for Government use or pursuant to agency definition or specifications.

   (i) conferences conducted on behalf of the Government.

   (j) the generation of management information or other data for Government use.

2. Assistance mechanisms (grants or cooperative agreements) will normally be used for the following purposes:

   (a) general financial assistance (stimulation or support) to eligible recipients under specific legislation authorizing such assistance.

   (b) financial assistance (stimulation or support) to a specific program activity eligible for such assistance under specific legislation authorizing such assistance.

C. Any program announcement, public notice, solicitation, or request for applications or proposals should indicate whether the intended relationship will be procurement or assistance and which type of instrument(s) will be used -- contract, grant, or cooperative agreement.

D. Every effort should be made to ensure relationships conform with those specified in the Act. If, however, there are major individual transactions or programs which contain elements of both procurement and assistance, in such a way that they cannot be characterized as having a principal purpose of one or the other, guidance should be sought from the Associate Commissioner, Office of Acquisition and Grants (ACOAG).

E. The Act also allows the use of contracts "whenever an executive agency determines in a specific instance that the use of a type of procurement contract is appropriate." This provision accommodates situations in which an agency determines that specific public needs can be satisfied best using the procurement process. However, because the provision does not allow agencies to circumvent the criteria for use of procurement or assistance instruments, use of this authority is restricted to extraordinary circumstances, and only with the prior approval of the ACOAG.

2-05-40 IMPLEMENTATION

A. The GMO will take the necessary steps to ensure that decisions regarding award are made consistent with the Act, this guidance, and the guidance in Section 2-10. Implementation should include, where necessary, the development of supplemental, program-specific criteria to make the determinations. Implementation will not include rewording or revision of this section.

B. The GMO will document, in the program information files or official award files, why specific awards were made in the form of assistance instruments. Determinations made for a class of transactions need not always be recorded in program files. If an individual award differs from the others under a class determination, or if a mix of procurements and assistance is being used for a class of awards, each individual award file must be documented. A class of transactions need not be recorded if awarded in response to an announcement published in the Federal Register. Since the announcement is required to be approved by the GMO, a determination as to the type of instrument to be used has been made and needs no further explanation.

Part 2 PRE-AWARD REQUIREMENTS
Section 10 SELECTION OF ASSISTANCE INSTRUMENTS - GRANTS AND COOPERATIVE AGREEMENTS

2-10-00 Background and Purpose
2-10-10 Scope
2-10-20 Policy
2-10-30 Distinguishing Grant and Cooperative Agreements
2-10-40 Guidelines for Grants and Cooperative Agreements
2-10-50 Specific Guidelines for Cooperative Agreements
2-10-60 Deviations
2-10-70 Joint Funding under Grants and Cooperative Agreements

2-10-00 BACKGROUND AND PURPOSE

The Federal Grant and Cooperative Agreement Act of 1977 requires executive agencies to use grants or cooperative agreements for specified types of assistance relationships. The purpose of this section is to implement those portions of the Act requiring selection of the appropriate assistance instrument-grant or cooperative agreement. The Act requires agencies to adopt the distinctions between grants and cooperative agreements.

2-10-10 SCOPE

This section applies to all SSA assistance agreements that transfer "money, property, services, or any thing of value," (which could include consultation, technical services, information and data) to a recipient to accomplish a public purpose of support or stimulation authorized by statute. The section does not apply to any agreement under which only direct Federal cash assistance to individuals, a subsidy, a loan, a loan guarantee or insurance is provided.

2-10-20 POLICY

SSA will use (1) grants for all assistance actions whenever no substantial involvement is anticipated with the recipient during performance, and (2) cooperative agreements for all assistance actions when substantial involvement is anticipated with the recipient during performance.

2-10-30 DISTINGUISHING GRANTS AND COOPERATIVE AGREEMENTS

A. The criterion for distinguishing between grants and cooperative agreements is that for the latter:
   - substantial involvement is
   - anticipated between the agency and the recipient
   - during performance of the contemplated activity.

   Anticipated substantial Federal involvement is a relative, rather than an absolute concept. The examples that follow in B. and C. are not meant to be a checklist or to be considered as individual determinants. Rather, they are to illustrate the general policy that:

   1. When the terms of an assistance instrument indicate the recipient can expect to run the project without agency collaboration, participation, or intervention as long as it is run in accordance with the terms of the assistance instrument, substantial involvement is not anticipated and a grant is the mechanism to be used.

   2. When the instrument indicates the recipient can expect agency collaboration or participation in the management of the project, substantial Federal involvement is anticipated and a cooperative agreement is the mechanism to be used.

B. As a guide to making this determination, anticipated involvement during performance would exist and, depending on the circumstances, could be substantial, where the relationship includes for example:

1. SSA option to immediately halt an activity (e.g., major project goals are not met). These types of decisions exceed the suspension and termination remedies of the Federal Government for violation of terms as provided in 20 CFR Parts 435 and 437.

2. SSA review and approval of one stage before work can begin on a subsequent stage during the period covered by the assistance instrument. (This principle is not intended to suggest the use of a cooperative agreement merely because SSA has reserved the right to approve or disapprove an operational grant following a planning grant, provided each grant is a separate instrument.)

3. SSA participation or approval in the selection or award of subgrants or contracts let under the assistance instrument, if such involvement is clearly contemplated by statute or authorized by OMB waiver of Circular No. A-110 or the Grants Management Common Rule. Such provisions for prior review and/or approval go beyond existing policies on Federal review of sole source procurement in 20 CFR Parts 435 and 437, and on prior approval to subgrant or otherwise transfer substantive programmatic work.

4. SSA involvement in the selection of key recipient personnel. (Provision in the award for the participation of a named principal investigator for research projects would not, by itself, warrant use of a cooperative agreement.)

5. SSA and recipient collaboration or joint participation in the performance of the assisted activities.

6. SSA monitoring to permit specified kinds of direction or redirection of the work.

7. Direct SSA operational involvement or participation to ensure compliance with such general statutory requirements as civil rights, environmental protection

and provisions for the handicapped. Such provisions go beyond the normal enforcement described in C(4) below.

8. Highly prescriptive SSA requirements prior to award limiting recipient discretion with respect to scope of services offered, organizational structure, staffing, mode of operation, and other management processes, coupled with close SSA monitoring or operational involvement during performance over and above the normal exercise of Federal stewardship responsibilities to ensure compliance with these requirements.

C. Conversely, anticipated substantial involvement during performance does not include:

1. SSA approval of recipient plans prior to award.

2. Exercise of normal Federal stewardship responsibilities during performance, such as site visits, review and response to performance and financial reports, and audit to ensure that the objectives, terms, and conditions of the award are accomplished.

3. Unanticipated SSA involvement to correct deficiencies in programmatic or financial performance by the recipient.

4. Enforcement of public policy and socioeconomic statutory requirements such as civil rights, environmental protection, and provision for the handicapped.

5. SSA review of performance after completion.

6. Enforcement of general fiscal and administrative requirements such as those included in 20 CFR Parts 435 and 437.

D. Agencies should limit Federal involvement in assisted activities to the minimum, consistent with program requirements. Nothing in the Act should be construed as authorizing SSA to increase their involvement beyond that authorized by other statutes.

E. The practice of SSA providing technical assistance, advice, or guidance to recipients of financial assistance does not constitute substantial involvement during performance if:

   1. It is provided at the request of the recipient;

   2. The recipient is not required to follow it; or

   3. The recipient is required to follow it, but it is provided prior to the start of the assisted activity and the recipient understood this prior to the financial assistance award.

F. There may be a few cases of assistance programs where neither a grant nor a cooperative agreement is suitable. In such cases, an OMB exception should be requested.

2-10-40 GUIDELINES FOR GRANTS AND COOPERATIVE AGREEMENTS

A. Present administrative requirements such as 20 CFR Parts 435 and 437 and the Grants Administration Manual apply both to grants and cooperative agreements involving the transfer of Federal funds. (See 2-10-50C.)

B. At times SSA may find it necessary to increase the involvement in a grant-funded project during the period of time covered by the grant. This could happen, for example when standard grant reports or monitoring indicate some sort of problem. If this occurs, SSA should not view the Act as restricting it's authority to intervene as necessary to bring the project into conformance with original intentions. SSA should not, however, seek to become substantially involved in a long-term or ongoing grant-funded activity without either converting the grant instrument to a cooperative agreement following negotiation with the recipient, or converting to a cooperative agreement beginning with the next funding period. (Section 3-30 permits the imposition of new conditions at the time of continuation.)

C. The determination resulting in the choice of a cooperative agreement is largely one involving "programmatic" considerations as differentiated from administrative or fiscal ones. Designation of a recipient as "high risk" (see Section 2-15) is principally one involving administrative and fiscal factors. Therefore, the use of a cooperative agreement and the designation "high risk" are independent of one another. High risk recipients may or may not warrant the type of substantial involvement anticipated in the award of a cooperative agreement. Likewise, a cooperative agreement recipient need not be "high-risk." The requirements of this section, therefore, do not alter the "high risk" options available in Section 2-15.

2-10-50 SPECIFIC GUIDELINES FOR COOPERATIVE AGREEMENTS

A. In all cases, the determination of when to use cooperative agreements will be based on the need for substantial Federal programmatic involvement in the assisted activity. Some programs will require the use of cooperative agreements exclusively. This determination should be based on statutory requirements or policy level determinations of substantial Federal programmatic involvement in the performance of the assisted project. Other programs may use a mix of grant and cooperative agreements, depending on the nature of the project or the abilities of the recipients. For example:

1. Some projects may start out as cooperative agreements in the first year and be converted to grants after recipient capacity has been established.

2. Some projects, initially funded as grants, may have to be renewed or continued for subsequent budget periods as cooperative agreements if there is a need to revise the project or upgrade recipient capacity, or protect the Federal program interest.

B. Each cooperative agreement must include an explicit statement of the nature, character, and extent of anticipated Federal programmatic involvement to insure that the responsibilities of both parties are understood.

C. Each cooperative agreement shall incorporate 20 CFR Part 435 among its terms and conditions when the recipient would have otherwise been subject to Part 435 if the award were a grant.

D. OMB has exempted non-monetary assistance from the provisions of the Act governing grants. A formal grant instrument is not required to provide surplus property, consultation, data. Where substantial federal involvement is anticipated, however, a cooperative agreement is required.

2-10-60 DEVIATIONS

A. Where a deviation from the Act would cause severe disruption to a program or serious consequences to recipients would result, the ACOAG should be consulted. In isolated instances it may be necessary for the ACOAG to seek an "exception" from OMB. OMB intends to grant exceptions only on the basis of agency requests that include strong justification and an indication of the harm that will result if an exception is not granted.

B. Requests for exception should include:

1. Whether the exception is requested for a complete program or an individual transaction.

2. An explanation of why an exception is requested, including statutory, agency policy, or other reasons.

3. A statement of what SSA will do if an exception is not granted and what the implications would be if this action were taken.

4. An indication of how SSA will handle the situation if the OMB exception expires before there are any changes to either this Act or agency statutes.

2-10-70 JOINT FUNDING OF GRANTS AND COOPERATIVE AGREEMENTS

A funded project that includes more than one type of assistance relationship, e.g., some components funded by grants and others by cooperative agreements, is entirely permissible. The Federal Grant and Cooperative Agreement Act provides the opportunity and authority to participate in joint funded projects in any number of funding relationships to serve the best interests of the participating SSA programs.

Public Law 97-258, Section 5(b), September 13, 1982 revised the Federal Grant and Cooperative Agreement Act. The guidance provided by that Act is now recodified in Section 63 of 31 U.S.C. at sections 6301 - 6308.

Section 6301: This section clarifies that the Government's intent is to

1. help eliminate unnecessary administrative requirements on recipients of Government awards.
2. promote increased discipline in selecting and using procurement contracts, grant agreements and cooperative agreements and encourage competition in awarding grants and cooperative agreements.

Section 6308: This section does not require an executive agency to establish only one relationship between the United States Government and a State, a local government, or other recipient on a jointly financed project involving amounts from more than one program or appropriation when different relationships would otherwise be appropriate for different parts of the project.

Part 2 PRE-AWARD REQUIREMENTS
Section 15 HIGH-RISK RECIPIENTS

2-15-00 Background and Purpose
2-15-10 Scope
2-15-20 Indicators of High-Risk
2-15-30 Obtaining Information for Determining High-Risk
2-15-40 Minimizing Risk
2-15-50 Technical Assistance to High-Risk Recipients
2-15-60 Advocacy Organizations

2-15-00 BACKGROUND AND PURPOSE

A. SSA believes that the great majority of its grants and cooperative agreements are competently managed, responsible, and fully committed to achieving the objectives of the grants they receive. Experience has shown, however, that a minority of recipients create relatively high risks of poor programmatic use and financial stewardship of grant funds.

B. This section provides guidance on how SSA can identify "high-risk" recipients and the actions to be taken once the determination has been reached. For these purposes, high-risk in large measure connotes financial risk resulting from poor business management practices although other grounds for considering high risk are also described. Section 2-15-60 deals with a special kind of risk that may arise when the recipient is an advocacy organization whose own goals diverge from or conflict with those of the grant.

2-15-10 SCOPE

All SSA discretionary grant programs.

2-15-20 INDICATORS OF HIGH-RISK

The following factors tend to indicate high risk:

A. Poor financial stability (i.e., insolvency or threat of insolvency).

B. Inexperience such as may occur in newly formed organizations or in those which have not previously received Federal grants.

C. Serious deficiencies in program or business management systems (e.g., substantial failure to comply with the financial management standards or procurement standards in 20 CFR Part 435).

D. A history of unsatisfactory performance, material violations of grant terms, or large cost disallowances on previous awards from the same or other Federal programs.

2-15-30 OBTAINING INFORMATION FOR DETERMINING HIGH-RISK

A. When information is needed to determine whether the organization is high-risk, or to assess the nature and degree of risk, every reasonable effort should be made to determine whether the information is already available from within SSA or another Federal agency.

B. Information may be available from several internal sources including:

1. Representations made by the recipient prior to award, as in the grant application, during pre-award reviews and site visits, or in the course of negotiating the grant.

2. GAO or OIG Audit reports, and reports of the recipient's own auditors.

3. Previous experience with the recipient, either in the same program or other programs.

4. When applicable, analysis of the recipient's financial statements performed by the OAG audit team as part of the indirect cost rate negotiation process.

C. When feasible, such sources of information should be addressed not only prior to award, but also at reasonable intervals over the life of the grant, since previously satisfactory conditions may degenerate over time.

D. If sufficient information cannot be obtained from within SSA or from another Federal agency, the recipient may be directly requested to provide the information. In evaluating information obtained in this manner, consideration should be given to whether it is properly attested to or validated.

E. In many cases it will be advantageous for the GMT, OAG Audit Staff and/or program office representatives to make a site visit to evaluate more fully the organization's fiscal, administrative and programmatic capability, facilities, etc.

F. If matters other than business management competence (or related areas) are also to be covered in a survey, consideration should be given to assembling an ad hoc team from program, audit, and other professional staff to perform the assessment.

G. The GSA maintains the "List of Parties Excluded from Federal Procurement and Nonprocurement Programs". The GMO should review the portions of the list dealing with exclusion from nonprocurement programs to determine the eligibility status of an applicant prior to an award. The list is available on the Internet.
See Section 2-20-50.

2-15-40 MINIMIZING RISK

A. Options - To minimize the risk after determining that a prospective recipient is a high-risk organization, SSA may take one of the following actions:

1. Not award the grant;

2. Award the grant but with Special Award Conditions.

3. Award the grant, but arrange for appropriate technical assistance to the recipient.

B. The grant should not be made if the nature and extent of the risk are so serious that poor performance by the recipient is probable. If the proposed project is sufficiently meritorious and has otherwise been duly approved, a decision not to award the grant on the grounds that the organization is high-risk implies a decision that the Government's interests cannot be adequately protected by options 2 and 3, above.

C. Special award conditions.

It is SSA policy to use special award conditions as a means of protecting the Government's interests and effecting positive change in recipients' performance or compliance, including the quality of their management systems. Special award conditions of a programmatic and/or administrative nature may be appropriate if an organization has a history of poor programmatic performance, is financially unstable, has inadequate management systems, or has not complied with the terms of previous SSA awards. If special conditions are included in an award, SSA will designate the recipient as "high risk/special award conditions".

Special award conditions may include one or more of the following, as appropriate, for the specific grant or recipient. The potentially adverse impact of a particular special condition(s) on a recipient's ability to carry out

the program must be considered and be balanced with the need to protect the Government's interests.

a) Use of a reimbursement payment method rather than advance funding. If a special award condition relates to payment, the awarding office must notify the Office of Finance (see paragraph C.2.b. below).

b) Use of the deductive method for accounting for program income.

c) More frequent financial or progress reporting than otherwise required under the program or allowed by 20 CFR Parts 435 or 437.

D. If an award contains special conditions, the GMO must ensure that the recipient is aware of those conditions and understands the action that is necessary to satisfy them. When feasible, this includes developing a corrective action plan with the affected recipient, monitoring improvement, and assessing, at the conclusion of the corrective action period (generally no more than 2 years), whether the special award conditions can be removed.

The GMO must maintain documentation of the corrective actions and SSA's efforts to assist the recipient in eliminating the deficiencies which resulted in the imposition of the special award conditions.

Once the special award conditions are satisfied, the GMO is responsible for removal of the conditions, updating the SSA Alert List and notifying the Office of Finance, as appropriate. This may be accomplished by providing a copy of correspondence sent to the recipient.

2-15-50 TECHNICAL ASSISTANCE TO HIGH-RISK RECIPIENTS

A. When a grant is to be awarded to a high-risk organization, technical assistance to the recipient should be considered. The purpose of such technical assistance is to raise the level of competence of the recipient

organization so that it no longer needs to be treated as high-risk.

B. In deciding whether technical assistance is appropriate, the potential benefits of the technical assistance must be weighed against its financial costs, the intangible costs of Federal intrusion, and the risk that the technical assistance offered may not succeed.

C. The available methods of providing technical assistance vary. The range includes:

1. Tell the recipient what the problem is and require the recipient to cure it, getting its own technical assistance, if necessary;

2. Call to the attention of the recipient another recipient who has successfully solved the problem and can serve as a model; authorize and/or request the successful recipient, where permissible, to explain its solution and give assistance and training;

3. Where narrow problems and minor time commitments are involved, furnish technical assistance directly by Federal personnel through site visits or through recipient visits to headquarters or regional offices; and

4. In exceptional cases, provide substantial direct technical assistance by Federal personnel.

D. Where a recipient receives grants from several programs within SSA or from several agencies, an attempt should be made whenever appropriate to coordinate technical assistance by designating either a lead program or a lead agency.

2-15-60 ADVOCACY ORGANIZATIONS

A. The mere fact that an organization advocates an unpopular or controversial cause does not usually affect that organizations eligibility for grants. At the same time, the award of a grant to such an organization does not necessarily mean that SSA endorses the organization's views.

B. Where the institutional goals of the recipient diverge from or conflict with the goals of the grant, there may be a risk that persons outside SSA will assume that SSA endorses the recipient organization's goals even if no such endorsement is intended. This risk may be present even if the project itself is beyond reproach and the organization's honesty and competence are impeccable.

C. It is the responsibility of the program officials to notify the approving official of a substantial risk of the kind described in the preceding paragraph. This should be done prior to the approval of any new grant to be awarded to the at risk recipient.

Part 2 PRE-AWARD REQUIREMENTS
Section 20 THE ALERT SYSTEM

2-20-00 Introduction
2-20-10 Scope
2-20-20 Definition
2-20-30 Overview of the System
2-20-40 The Alert System
2-20-50 The GSA Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs

2-20-00 INTRODUCTION

A. Awarding officials are expected to recognize high-risk applicants for discretionary awards, and use appropriate safeguards (such as special conditions or closer-than-usual monitoring) when making awards to them. Where the applicant is so lacking in capability or integrity that such safeguards are not likely to succeed, an award should not be made. The term "high-risk" applicant includes parties appearing on one of the lists described in 2-20-40 and 2-20-50 and is further developed in Section 2-15.

B. Because so many organizations apply for (or participate under) discretionary awards, it is difficult for awarding officials to be fully acquainted with all of them. In particular, it is difficult for awarding officials to systematically learn about the experience of others who have made awards involving the same parties. The Alert System is a means for awarding officials to become aware of parties whose grants or cooperative agreements may require special action or attention.

C. The purposes of the Alert System are to:

1. Supplement other sources of information for awarding officials by systematically providing them with certain kinds of information as needed; and

2. Facilitate initiation of proceedings to debar or suspend from financial assistance where appropriate.

D. This section should be read in conjunction with Section 2-15 of this Manual and the SSA assistance debarment/suspension regulations in 2 CFR Part 2336.

2-20-10 SCOPE

This section applies to all SSA discretionary grant and cooperative agreement programs.

2-20-20 DEFINITION

To participate under a grant or cooperative agreement means to serve as:

A. A subrecipient (or delegate), contractor, subcontractor, collaborating organization, or in any similar capacity; or

B. An employee of or consultant to the prime recipient (or to any entity listed in paragraph A.) in a capacity to make or substantially influence the decisions of the organization about the project or program for which the funds were requested or awarded.

2-20-30 OVERVIEW OF THE SYSTEM

A. The Alert System includes the following:

1. Alert Lists (See Section 2-20-40.)

2. The GSA Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs. (See section 2-20-50.)

B. These lists identify parties that:

1. Because of certain kinds of specific events or conditions, may present a relatively high risk that warrants special action or attention to safeguard the Governments interests; or

2. Have engaged in such serious misconduct that they are actually suspended ,debarred, or otherwise excluded from certain Government programs.

C. Grants Management Officers and/or their staffs shall obtain and use each list in accordance with the instructions in the succeeding sections of this section. Depending on the list, this may involve such actions as:

1. Obtaining information from the OAG Audit Staff to aid in evaluating the risk presented by a prospective recipient;

2. Refusing to make the award because the party is currently suspended or debarred from financial assistance; or

3. Deferring the award decision until the GMO decides whether to initiate suspension/debarment proceedings.

2-20-40 THE ALERT SYSTEM

A. An alert list generally identifies organizations about which one or more of the following facts have been documented:

   1. A Federal grant or cooperative agreement has been suspended or terminated by the Government for cause;

   2. A continuation award has been withheld by the Government for unsatisfactory progress or for material violation of the terms of the grant or cooperative agreement in an earlier budget period;

   3. An application has been disapproved because of serious management or financial deficiencies;

   4. Special conditions have been imposed in accordance with appropriate grants regulations or procedures (e.g., 20 CFR 435 or 437, or with Sections 2-15 or 3-35 of this Manual);

   5. A recipient is insolvent or bankrupt;

   6. Grounds exist for debarment or suspension of the recipient; or

   7. A recipient has been removed from advance funding to a reimbursement method of funding.

B. No action may be taken against an organization merely because it is named on an alert list. In particular, an alert list is not a list of debarred recipients, and shall not be used as such. Any action against an organization that appears on an alert list must be consistent with applicable statutes and regulations.

C. **SSA Alert List**

1. When SSA identifies applicants or recipients that fit the description of "high risk/special award condition" according to the criteria explained in GAM sections 2-20-40A and 2-15, 2 CFR Part 2336, and 20 CFR Parts 435, and 437, the GMO shall document these findings in the SSA Alert List. Subsequent dealings with organizations existing in the SSA Alert List shall recognize the fact that any actions taken against an organization must be consistent with applicable statutes and regulations.

2. The information contained in the SSA Alert List shall include:

   a. Applicant/grantee's name and address;

   b. Central Registry/Employer Identification Number (if available);

   c. The granting agencies involved, if applicable;

   d. The date of action if known; and

   e. A brief description of the action/reason prompting inclusion of the organization on the list.

3. SSA will delete names from the SSA Alert List when, in SSA's judgment, the underlying information in SSA's files is no longer likely to be relevant to an award decision. Generally, organizations should not remain on the alert list for more than 2 years. That period of time should be adequate for the applicant/grantee and the awarding office(s) to complete and assess the effectiveness of required corrective actions. The GMO must provide justification to the ACOAG for keeping an organization on the list for more than 2 years.

D. **HHS Alert List**

1. A HHS Alert List is published quarterly by HHS' Office of Grants Management (OGM). SSA's Office of Acquisition and Grants keeps a current copy of the list on file.

2. OGM will usually delete names from the list when, in its judgment, the underlying information in OGM's files is no longer likely to be relevant to an HHS award decision.

3. SSA shall use information furnished by OGM only as an aid to the decision on the award. It should not automatically result in a decision adverse to the organization. After consideration of all information relevant to an informed decision, and after further development where warranted, SSA shall determine whether an award should be made and, if so, whether any special safeguards should be imposed.

4. In reaching its decision, SSA should take into account how current, serious, and relevant the information furnished by OGM is, with respect to the particular award that is being considered.

2-20-50 THE GSA LISTS OF PARTIES EXCLUDED FROM FEDERAL PROCUREMENT OR NONPROCUREMENT PROGRAMS

This GSA publication contains a list of parties excluded from procurements and a list of exclusions from nonprocurement programs. The nonprocurement list includes the names of those debarred from HHS grant programs. It also lists parties who are debarred from assistance programs Government-wide; as well as other limited exclusions. The list contains instructions for the treatment of each entry. The list is available on the Internet.

Part 2 PRE-AWARD REQUIREMENTS
Section 25 USING ASSISTANCE INSTRUMENTS FOR COLLECTING INFORMATION

2-25-00 Purpose
2-25-10 Scope
2-25-20 Policy
2-25-30 Policy Application
2-25-40 OMB Regulations on Controlling Paperwork
2-25-50 "Sponsored" Information Collections

2-25-00 PURPOSE

This section sets forth SSA policy on using assistance instruments to collect information. It also alerts readers of this Manual to the clearance requirements of the Office of Management and Budget (OMB) regulations in 5 CFR Part 1320, "Controlling Paperwork Burdens on the Public."

2-25-10 SCOPE

This section applies to all SSA grants and cooperative agreements.

2-25-20 POLICY

A. No grant or cooperative agreement shall be awarded with a purpose of collecting information intended primarily for the use of the Government or third parties specifically designated by the Government.

B. Recipients collecting information shall be prohibited from representing to their respondents that the information is being collected for or in association with SSA unless:

1. SSA has determined that such a representation would be true in the particular case, and has authorized the recipient in writing to make the representation in a suitably qualified form; <u>and</u>

2. The recipient's information collection plan or form has been cleared by OMB, if necessary. (See section 2-25-40).

2-25-30 POLICY APPLICATION

A. In determining whether information collection may be financed by a grant (or cooperative agreement), two questions must be asked:

1. Will one of the purposes of the award be collection of information?

2. Will the Government or third parties specifically designated by the Government be the primary users of the information?

B. If the answer to both of these questions is yes, then the information collection may not be financed by a grant or cooperative agreement. If the answer to either question is no, then a grant or cooperative agreement may be used. See Section 2-10 of this Manual for guidance in determining which instrument to use.

C. For example, a grant or cooperative agreement may properly have information collection as a purpose if the information is intended primarily for the recipient's use, or for a non-Federal publication. In such cases the fact that the Government may envision some degree of in-house use for the information would not, of itself, make the award improper. Similarly, awards may properly bear the costs of information collection which is a part of, but not a purpose of, the supported activity. For instance, under a grant or cooperative agreement for the delivery of services to members of the public, the cost of collecting pertinent information from recipients of the services would generally be allowable. It is not permissible, however, to append an unrelated information collection function onto a project where the information collection,

taken by itself, would constitute a federal procurement as described in Section 2-05 of this Manual.

2-25-40 OMB REGULATIONS ON CONTROLLING PAPERWORK

A. General. OMB regulations at 5 CFR Part 1320, "Controlling Paperwork Burdens on the Public" implement the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) concerning collections of information. Among other things, the regulations require prior OMB review and clearance of information collections "conducted or sponsored" by a Federal agency.

B. Cooperative Agreements. A Federal agency is considered to "sponsor" a collection of information if the agency enters into a cooperative agreement to collect the information. That is to say, except as noted in paragraph 2-25-40-D., all information collection by the recipient of a cooperative agreement is "sponsored," and is subject to OMB review and clearance.

C. Grants. A Federal agency is not considered to "sponsor" a collection of information undertaken by a recipient of a Federal grant (and it is not subject to OMB review and clearance) unless:

1. The recipient of the grant is collecting information at the specific request of the agency; or

2. The terms of the grant require specific approval by the agency of the collection of information or the collection procedures.

D. Exemption. An information collection which would otherwise be subject to OMB review, but will be submitted to nine or fewer respondents, is exempt from OMB review, but must state that for this reason it is not subject to OMB review under the Act.

2-25-50 "SPONSORED" INFORMATION COLLECTIONS

A. When a question arises as to whether a recipient's information collection is "sponsored" by SSA, the GMO should consult with SSA's Reports Clearance Officer.

B. Where OMB review and clearance is required, SSA shall instruct its recipients to request and obtain the OMB clearance before making contact with respondents to collect the information. (SSA may request a single clearance when a class of awards all use identical data elements.) **The recipient's request must be submitted through SSA's program office (SSA's Project Officer in the case of a discretionary award)**. The SSA Project Officer shall submit requests for OMB review and clearance through the SSA Reports Clearance Officer. After OMB's clearance is received, the Project Officer shall transmit it to the recipient, with a copy to the Grants Management Officer and authorize the recipient to proceed with the information collection. In accordance with 5 CFR 1320, SSA shall instruct the recipient to display the OMB control number (and, unless OMB determines it to be inappropriate, the expiration date) when collecting the information.

C. Under ordinary circumstances, at least 130 days should be allowed for OMB review and clearance. However, 5 CFR 1320 provides for emergency and expedited processing in certain unusual situations.

D. The program office should be sure that the project plan takes into account the time likely to be needed for OMB review and clearance. If other activities are proposed to take place during that time, the program office should make sure they are substantive and not mere time-fillers. If a long period of idle time is expected, the Grants Management Officer should consider stipulating that costs for that time shall be unallowable. In some cases two separate award actions may be appropriate.

Part 2 PRE-AWARD REQUIREMENTS
Section 30 DOCUMENTATION FOR DISCRETIONARY GRANT PROGRAMS

2-30-00 Purpose
2-30-10 Scope
2-30-20 Policy
2-30-30 Program Information Files
2-30-40 Grant Files
2-30-50 Grants Program Signature Acceptance Policy
X2-30-1 Instructions for the Program Information List
X2-30-2 Program Information List - obtain and file in the Program Information file
X2-30-3 SSA Grant File Witnessed Signature Proxy

2-30-00 PURPOSE

This section establishes standards for the maintenance of SSA documentation both for discretionary grant programs as a whole, and for individual grant projects. It also encourages the establishment of institutional files for background on current and prospective recipients.

2-30-10 SCOPE

This section is applicable to all discretionary grant programs.

2-30-20 POLICY

Grants Management Officers and/or their staffs shall obtain and file the items in the Program Information List (X2-30-2) and in the Grant File Checklist (X2-30-4) as explained below.

2-30-30 PROGRAM INFORMATION FILES

A. The official program information file will contain all significant general information affecting the program as a

whole. The Program Information List (X2-30-1,X2-30-2), which will be placed in each program file, will specify those documents which are required to be filed.

B. At the close of either each fiscal year or each award cycle, the GMO will review the file for completeness, obtain any missing items, and attest to the file's completeness by signing and dating the Program Information List.

2-30-40 GRANT FILES

A. The official grant file will contain all significant documents which pertain only to the particular grant.

B. Before any award is made, and at closeout, the GMO will review the file for completeness and obtain any missing items.

C. The GMO will not issue any Notice of Grant Award, or close out any grant, until the file is complete. However, when the award cannot be delayed, but a required document is not available, the GMO may make the award provided he or she is satisfied (and documents the file) that (1) the action to which the missing document relates has been taken, and (2) the document will become available for filing shortly after award.

D. The SSA Grants Electronic Library (SSAGEL) electronic grant file will serve as the official grant file when a paper grant file will not be maintained for an SSA grant or cooperative agreement. In order to satisfy Federal record retention requirements, the SSAGEL grant file must include all documents required in an official grant file. For those documents which are not received in electronic format, they are to be scanned and stored in SSAGEL. This includes signed documents (refer to SSA Grants Administration Manual, Section 2-30-50 for an explanation of Social Security Administration Grants Program Signature Acceptance Policy).

2-30-50 GRANTS PROGRAM SIGNATURE ACCEPTANCE POLICY

The SSA Grants Electronic Library grant file must include an electronic “Witnessed Signature Proxy” statement prepared by an authorized Grants Officer for all required signatures. The grant applicant will affix a “wet” signature to completed grants documents requiring signatures, as is currently done. Upon receipt, an SSA Grants Management Team employee will prepare and sign a Witnessed Signature Proxy statement for the electronic grant file to show that he or she received the paper document with the “wet” signature on it. SSA will retain only an electronic copy of the “Witnessed Signature Proxy” statement and an electronic copy of the document which was signed by the grant applicant/grantee. See GAM Section X2-30-3 for a copy of a “Witnessed Signature Proxy” statement.

Documents received via grants.gov do not contain signatures and, therefore do not require a “Witnessed Signature Proxy.”

INSTRUCTIONS FOR THE PROGRAM INFORMATION LIST

ITEM	EXPLANATION
Public Information Documents: Statutes Rules Guidelines Program announcements Application evaluation procedures Other public information	See Section 2-35
Program management procedures	Includes all internal instructions to the program and grants management staffs defining their duties in administering the program (May be combined with the review procedures required by Section 2-35-30).
General Counsel, GAO, or court opinions; and Congressional directives	All correspondence to and from the Office of the General Counsel or GAO, as well as, court opinions and all Congressional directives which affect the entire program or an entire class of applicants/recipients.
Instructions to independent application reviewers	Copies of all materials and information provided to application reviewers to instruct them on the method and procedures they are to employ. This includes blank copies of the forms upon which the reviewers record the results of their reviews. It is not necessary to re-file the public information documents if they are clearly referenced.
Location of documentation for application reviewers	The name, title and location of the official who maintains the application reviewers' documentation required by Sections 2-50-1OB, and 2-50-40D.

ITEM	EXPLANATION
Audit and Congressional committee oversight reports	Audit reports and Congressional committee oversight reports concerning the program or award cycle and not specifically directed to or about an individual grant.
Ranking and approval lists	This includes the ranking of applications and the list of approved applications required by Section 2-50. It also includes the scoring sheets and written assessments for all applications which were not funded.
Deviation	Documentation of any authorized class deviations from applicable policy.
Official correspondence	Any other official correspondence of a general nature concerning the program or award cycle and not specifically directed to or about an individual grant.

PROGRAM INFORMATION LIST

Program Office:_____

Program Title:_____

_____

Catalog No. _____ Funded Under Section(s):_____

Public Information Documents:

Statutes

Rules

Guidelines

Program announcements

Application evaluation procedures

Program management procedures

General Counsel, GAO, or court opinions and
Congressional directives

Instructions to independent application reviewers

Audit and Congressional committee oversight reports

Ranking and approval lists

Deviations

Official correspondence

Signature	Date
_____	_____
_____	_____
_____	_____

SSA Grant File Witnessed Signature Proxy:

Grant # : _____
Grantee Organization: _____

I, _____, do hereby state that I have personally witnessed receipt of the following required "wet" signatures on documents received from the grant applicant/grantee organization.

Witnessed Signatures:	Grants Officer Initials
Application(s), dated: _____ _____	_____
Assurances Document(s), dated: _____ _____	_____
Additional Assurances Document(s), dated:_____ _____	_____
Final Financial Status Report(s), dated: _____ _____	_____

Part 2 PRE-AWARD REQUIREMENTS
Section 35 INFORMATION FOR POTENTIAL APPLICANTS

2-35-00 Purpose
2-35-10 Scope
2-35-20 Information to be Published in the Federal Register & Grants.gov
2-35-30 Other Information
2-35-40 Consultation with Applicants
2-35-50 Deadlines for Submission of Applications

2-35-00 PURPOSE

The purpose of this section is to establish standards for providing potential applicants and other interested persons with information sufficient to judge whether to apply for a grant, to understand how an application will be evaluated, and to understand the obligations imposed on a recipient. It also establishes standards for how recipients may meet application deadlines.

2-35-10 SCOPE

This policy is applicable to all discretionary grant and cooperative agreement programs.

2-35-20 INFORMATION TO BE PUBLISHED IN THE FEDERAL REGISTER & GRANTS.GOV

A. Program rules.

B. Program announcements. SSA shall publish in the Federal Register one or more program announcements for each program. Program announcements invite competing applications for one or more stated program objectives. Applications may not be solicited formally or informally on an individual basis in the absence of a program

announcement. Publication of the program announcement should take place as early as feasible - ordinarily at least 60 days before the deadline for submitting applications. If the complete announcement is very long, the Federal Register publication may be limited to portions of the announcement sufficient to tell a potential applicant whether (and how) to request it. Announcements shall include at least the following information in addition to the requirements of Sections 2-35-20C through F:

1. The Federal Domestic Assistance Catalog number of the program;

2. An estimate of how much money may be available for competing awards, and the expected size and number of the awards, broken down by subprogram or priority area when appropriate.

   If applications with budgets exceeding a certain dollar amount will not be considered, include such a statement.

3. If the announcement is expected to result in the award of one or more cooperative agreements, that possibility must be mentioned, as well as, the type of anticipated substantive involvement qualifying the award as a cooperative agreement relationship. This language should be tailored to the specific type(s) of activities that may be funded under the program announcement;

4. Address information collection issues as explained in section 2-25-30C.

5. Who is eligible;

6. How to obtain application kits not already part of the Federal Register announcement;

7. Evaluation criteria used to determine award selection, as explained in section 2-35-20D, below. Should other

systems for ranking criteria be used, such systems should be described, including any preferences or screen-out criteria which may be anticipated;

8. Whether the application will be required to match or share in project costs if an award is made, any application requirements related to matching or cost sharing, and the manner in which proposed matching or cost sharing will be evaluated (e.g., scored evaluation criterion or preference factor as specified in section 2-35-20B.7 above.

9. Where to submit applications;

10. The deadline for submitting applications and how to meet it. (See 2-35-50 about meeting deadlines.); and

11. A statement indicating whether applications are, or are not, subject to review by States under Executive Order 12372. If the grant program is subject to review ("a covered program"), then the statement shall include the information cited in Section 3-40-40 of Section 3-40.

    Executive Order 12372 establishes a process for consulting with State and local officials on proposed Federal assistance. The objectives of the process are to:
    a. increase State's flexibility to design a consultation process and select programs they wish to review,
    b. increase the ability of State and local elected officials to influence Federal decisions, and
    c. compel Federal officials to be more responsive to States.

12. A statement clarifying that there will be the requirement for awarded organizations to adequately protect Personally Identifiable Information (PII), and confidential information in general, when the funded project will involve the use of such data. Refer to GAM section 3-10-60 for applicable PII policies.

13. If Personnel Suitability Determinations will be required, the published Request For Applications needs to mention the need for such determinations and explain what will be required of the applicant organization in connection with these determinations. If PII will be in the possession of the grantee organization or their subcontractors in connection with their work on the funded program, then a decision on the need for Personnel Suitability Determinations needs to be resolved by the Program Office having jurisdiction over the funding announcement before the announcement is published.

Program announcements along with a complete Application Kit will be posted on SSA's Grants Opportunities website, as well as, on the Grants.gov website. This allows a prospective applicant to download the grant application form along with all other necessary forms and related documentation.

C. Cooperative agreements. If there is a possibility that any of the awards might be cooperative agreements rather than grants, the program announcement shall state that fact. In that case, if feasible, the program announcement shall also describe the anticipated substantial Federal involvement in performance. (This paragraph does not prevent the award of a cooperative agreement under a program announcement that mentioned only grants. Nor does it prevent the award of a grant under a program announcement that mentioned only cooperative agreements.)

D. Evaluation criteria. SSA shall publish its criteria for evaluating grant applications in the program announcement. If the criteria are not all equal in importance, the criteria should be listed in descending order of priority with a notation of their relative weights, including any sub-criteria. The criteria shall be as specific as feasible and shall cover at least the following factors (except where the nature of the eligible projects makes one or more of these factors irrelevant):

1. How well qualified the project's personnel will be;

2. The adequacy of the applicant's facilities and resources;

3. The adequacy of the project plan or methodology;

4. The cost-effectiveness of the project; and

5. How closely the project's objective fits the objectives for which applications were invited.

E. Funding priorities. If SSA will give priority to one or more particular kinds of projects, the priority, and how it will be applied in deciding which applications to fund, shall be described in the program announcement.

F. Competing continuations vs. "new" projects. If SSA will give a preference to competing continuation applications over applications for projects not already receiving support under the program, or vice versa, the preference shall be described in the program announcement.

G. Programs with few potential applicants. In some programs the number of eligible applicants is relatively small. (For example, in some programs only the States are eligible.) In these situations, if the granting agency sends a copy of the program announcement directly to every potential applicant, publication of the program announcement in the Federal Register may be omitted.

H. Standing program announcements.

1. Some programs have a repeating cycle of two or more essentially identical competitions per year at the same time in each year. For example, a program may have standing deadlines of February 1, June 1, and October 1 of each year.

2. These programs need not publish a full program announcement in the Federal Register for each round of competition. Instead, these programs may publish once in the Federal Resister, a single basic standing

program announcement, and update it only if the information changes.

3. When using standing program announcements, SSA shall publish a notice for these funding programs at least annually to alert potential new applicants of the competition.

I. Program announcements may not be issued without the formal clearance of the Chief GMO, or the Director OOCG, in the absence of the Chief GMO. An exception may occur if the CGMO or Director OOCG had objections which were specifically overruled by the ACOAG.

J. SSA is encouraged to promote the widest possible dissemination of information concerning a program through publication of program announcements, or a notice of their availability, in brochures, professional journals, news releases, mailing lists, on the internet, etc.

2-35-30 OTHER INFORMATION

In addition to the items specified in 2-35-20, SSA shall make available to the public the following information and materials for each program:

A. A copy of, or reference to, the authorizing statutes for the program;

B. All guidelines of general applicability for administration of the program;

C. A description of the procedures SSA will use for evaluating applications; and

D. Any other information that SSA believes will be helpful.

2-35-40 CONSULTATION WITH APPLICANTS

SSA shall publish as much information as practicable to reduce the need for consultation by applicants. If SSA does provide consultation, it shall give consistent interpretations and fair treatment to all prospective applicants.

2-35-50 DEADLINES FOR SUBMISSION OF APPLICATIONS

A. Deadlines. Applications shall be considered as meeting an announced deadline if they are either:

1. received on or before the deadline date at a place specified in the program announcement; or

2. sent on or before the deadline date and received by SSA in time for the independent review under Section 2-50. (Applicants must be cautioned to request a legibly dated U.S. Postal Service postmark or to obtain a legibly dated receipt from a commercial carrier or U.S. Postal Service. Private metered postmarks shall not be acceptable as proof of timely mailing.); or

3. hand-delivered on or before the deadline date to the place specified in the program announcement.

The GMO will have the authority to authorize other deadline requirements, but these requirements must be identified in the program announcement.

B. Late applications. Applications which do not meet the criteria in paragraph A. of this section are considered late applications. SSA shall notify each late applicant that its late application will not be considered in the current competition.

C. Extension of deadlines. The GMO may extend the deadline for all applicants because of acts of God such as floods, hurricanes, etc., or when there is a widespread disruption

of the mails, or in other rare cases. However, if the GMO does not extend the deadline for all applicants, he or she may not waive or extend the deadline for any applicants.

Part 2 PRE-AWARD REQUIREMENTS
Section 40 SOLICITING APPLICATIONS FROM SMALL, MINORITY AND WOMEN-OWNED BUSINESSES

2-40-00 Scope
2-40-10 Policy
2-40-20 Procedures
2-40-30 Application Certifications

2-40-00 SCOPE

This Section applies to all discretionary programs for which applicable for-profit organizations are eligible to apply for assistance.

2-40-10 POLICY

It is the policy of SSA to afford small, minority, and woman-owned businesses the maximum opportunity, consistent with law, to participate in SSA's financial assistance programs.

2-40-20 PROCEDURES

A. Consistent with the policy to afford small, minority, and woman-owned businesses the opportunity to participate in financial assistance programs, SSA's Small and Disadvantaged Business Utilization Specialists (SADBUS) shall maintain a source list of small, minority, and woman-owned business concerns that may be interested in participating in assistance programs.

B. A copy of each program announcement under which for-profit organizations are eligible to apply shall be submitted to the SADBUS as soon as the announcement is signed. The SADBUS shall ensure that copies of the announcement are mailed directly to small, minority, and woman-owned

business concerns that may he interested in applying for an award.

C. The number of concerns to be solicited should be commensurate with the amount of funds available, the number of awards expected, and the number of small, minority, and woman-owned businesses in the field.

D. The following are some sources of information that should be used in locating small, minority, and woman-owned businesses for placement on the source lists: Bidders mailing list applications and capability statements which have been submitted by those concerns, the SBA publication entitled "Firms in the 8(a) Business Development Program", the SBA Procurement Automated Sources System (PASS), local and national business directories, and referrals made by the Small Disadvantaged Business Utilization Staff(SADBUS).

2-40-30 APPLICATION CERTIFICATIONS

A. The following certifications shall be included in all applications under programs for which for-profit organizations are eligible to apply:

1. SMALL BUSINESS CERTIFICATION

The applicant ( ) is, ( ) is not, a small business concern. A small business concern is defined as a business, including its affiliates, which is independently owned and operated, is not dominant in the field of operation and can further qualify under the criteria concerning number of employees, average annual receipts, or other criteria, as prescribed by the Small Business Administration. See Code of Federal Regulations, Title 13, Part 121, as amended, which contains detailed definitions and related procedures.

2. MINORITY BUSINESS ENTERPRISE CERTIFICATION

The applicant ( ) is, ( ) is not, a minority business enterprise. A minority business enterprise is defined as a business, at least 51 percent of which is owned, controlled, and managed by minority group members who are citizens of the U. S. In case of a corporation, 51 percent of all classes of voting stock of such corporations must be owned by an individual(s) determined to be minority. For the purpose of this definition, minority group members are Black Americans, Hispanic Americans, Native Americans (American Indians, Eskimos, Aleuts, or Native Hawaiians), Asian Pacific Americans (persons with origins from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, U.S. Trust Territory of the Pacific Islands, Laos, Cambodia, or Taiwan) and members of other groups designated from time to time by the Small Business Administration according to the procedures set forth at 13 CPR Part 124. 1.

3. WOMAN-OWNED BUSINESS CERTIFICATION

The applicant ( ) is, ( ) is not, a woman-owned business. A woman-owned business is a business which is, at least, 51 percent owned, controlled, and operated by a woman or women. Controlled is defined as exercising the power to make policy decisions. Operated is defined as actively involved in the day-to-day management.

B. The certifications may be modified, as appropriate, for applications submitted under the Small Business Innovation Research Act.

C. If space is at a premium in the application form, SSA may print the first sentence of each certification followed by a cross reference to the appropriate definition in the instructions.

Part 2 PRE-AWARD REQUIREMENTS
Section 45 PROCEDURES FOR PROCESSING GRANT APPLICATIONS

2-45-00 Initial Review of Grant Applications
2-45-10 Eligibility of Applicants
2-45-15 Complete Application Package
2-45-20 Receipt of Grant Applications
2-45-30 Distribution of Grant Applications
2-45-40 Grant File
2-45-50 Disposition of Disapproved Applications
X2-45-1 Form SSA-3966
X2-45-2 Application Transmittal Memorandum

2-45-00 INITIAL REVIEW OF GRANT APPLICATIONS

All applications received by the Grants Management Team (GMT) must reflect the date of receipt. For applications sent by the applicant directly to program staff, the actual date of receipt by SSA should be established and recorded in the grant file. Refer to section 2-35-50 regarding the deadline for receipt of applications.

Applications are reviewed by GMT to determine if the:

1. application contains appropriate signatures;

2. appropriate forms are completed;

3. budget information is complete, computations accurate, and costs are allowable;

4. application is complete;

5. application is fundable;

6. application is received within the established deadline; and

7. eligibility of applicant is established.

If additional information is needed or the grant application is not complete, the applicant should be contacted immediately to provide the

necessary information. The grant file is monitored until receipt of the information. Information that is requested by GMT relating to an explanation of the budget costs is filed in the grant file. It is not forwarded to program staff to be considered by the review panel. The information forwarded to program staff for panel review includes only revised budget forms, forms that were required to be submitted in the application but were either omitted or incomplete and other revisions generated solely by the applicant.

2-45-10 ELIGIBILITY OF APPLICANTS

For-profit organizations may apply for SSA grants with the understanding that no grant funds may be paid as profit. Profit is considered as any amount in excess of the allowable costs of the grant recipient. A for-profit organization means a corporation or other legal entity which is organized or operated for the profit or benefit of its shareholders or other owners and must be distinguishable or legally separable from that of an individual acting on his or her own behalf.

Grants may not be made to individuals.

2-45-15 COMPLETE APPLICATION PACKAGE

An application package inclusion list which explains what constitutes a complete application package for the different types of grant/cooperative agreement applications is available to the Grants Management staff at \Common Grant Files\Application Process\Application Kit\Application Package Inclusion List.doc. The complete application package is published on grants.gov by the SSA Grants Management Office for competing and non-competing applications. Application packages for supplemental funding or unsolicited applications are provided via correspondence from the Grants Management Office to the applicant, once programmatic interest in the funding request has been established, as explained in GAM sections 2-50-110 and 2-50-115.

2-45-20 RECEIPT OF GRANT APPLICATIONS

Acknowledgement of Receipt of Grant Application

After the initial review of an application which was received by mail is completed, acknowledgement of receipt is sent to the applicant via email.

Recording Receipt of Application

An electronic grant application log-in sheet is completed for new grant programs, including the following information for all grant applications:

1. name of applicant;

2. title of project;

3. grant or application number assigned;

4. date application received at SSA;

5. city and state in which applicant is located;

6. date acknowledgment of receipt sent to recipient;

7. date processed to program component;

2-45-30 DISTRIBUTION OF GRANT APPLICATIONS

An original copy of application is filed in the grant file jacket and retained in GMT files. Generally, all other copies of the grant applications are sent to the program components via email or the project application transmittal memorandum (see Attachment X2-45-2). However, when there is a large volume of applications, use of the transmittal memorandum may be omitted and a copy of the application log-in sheet can be used to transmit the applications to the program component. The program components are responsible for distributing the applications to panel review members.

2-45-40 GRANT FILE

Application Material Filed in Grant File

The following items are filed in the grant file:

1. original copy of the grant application;

2. copy of the project application transmittal memorandum to the program component (when used).

File Tab

Each grant file is identified by file tabs which list the following:

1. grant number;

2. recipient organization; and

3. city, state, and zip code.

The application is then filed in the pending section of the file cabinet for each program component.

2-45-50 DISPOSITION OF DISAPPROVED APPLICATIONS

When disapproval documents have been received from the program component, and the Program Office has notified the applicant by letter of the disapproval of the application, a copy is filed in the grant file or, when large volume necessitates, in the program file. The file is then removed from the pending section and placed in the "Disapproved" section of the files where it remains for 3 years and is then destroyed.

FORM SSA-3966

THIS ACKNOWLEDGES RECEIPT OF APPLICATION FOR: _____

NAME OF PROGRAM DIRECTOR *(Last, First, Initial)*

TITLE OF PROPOSAL

SSA PROGRAM/POPULAR NAME

Do Not Write Below This Line

DATE RECEIVED	SSA PROJECT GRANT NUMBER

To Applicant: **Complete Top and Bottom of This Card**. Address Top Section To Yourself On Reverse Side. Do Not Tear Apart. Return With Application.

- - - -

APPLICATION TRANSMITTAL MEMORANDUM

Social Security Administration

Refer to:

Memorandum

Date:

From: Grants Management Officer
Office of Operational Contracts and Grants, OAG

Subject: Project Grant Number --INFORMATION/ACTION
Title:

To:

/_/ Associate Commissioner,
Office of Employment Support Programs(OESP), DCDISP

/_/ Associate Commissioner,
Office of Disability(OD), DCDISP

/_/ Director, Division of Policy Evaluation, ORES, ODCP

/_/ Attached is a copy/are copies of the subject application received on _____ from _____.
Date acknowledged _____.

/_/ The Section 1110 application is:

__ Competing _____
__ Non-Competing _____

/_/ Remarks:

_____
Grants Management Officer

Attachment

Part 2 PRE-AWARD REQUIREMENTS
Section 50 REVIEW AND APPROVAL / DISAPPROVAL OF DISCRETIONARY GRANTS

2-50-00 Basic Policy
2-50-10 Independent Review
2-50-20 Conflicts of Interest
2-50-30 The Federal Advisory Committee Act
2-50-40 Conducting the Technical Evaluation Review
2-50-50 Ranking of Applications
2-50-60 The Grants Management Officer's Responsibilities
2-50-70 Approval of Applications
2-50-80 Funding Procedures
2-50-90 Approved but Unfunded Applications
2-50-100 Notification to Unsuccessful Applicants
2-50-110 Unsolicited Applications
2—50-115 Supplemental Funding Requests
2-50-120 Urgent Applications
2-50-130 Transfer of a Grant to a Successor or Replacement Recipient
2-50-140 Availability of Information
X2-50-1 Representation of Absence of Conflict of Interest (Non-Federal Employee Reviewers)
X2-50-2 Representation of Absence of Conflict of Interest (Federal Employee Reviewers)
X2-50-3 Conflict of Interest Summary Sheet

2-50-00 BASIC POLICY

It is the policy of SSA to seek maximum open and free competition for discretionary grants and cooperative agreements.

A. Competing Applications
The following types of applications shall compete for funding:

1. new applications: proposed projects which have not previously been reviewed, approved or funded;

2. competing continuations: applications for funding budget periods beyond the currently established project period; and

3. competing supplementals: requests for additional funds which would significantly expand the scope or objectives of currently funded projects.

For competing continuations and Supplementals:
When there is insufficient time to hold the request for review panel at its next scheduled meeting, such requests must be reviewed and a recommendation provided by an ad hoc review panel.

B. Non-competing Applications:

1. Noncompeting Supplementals:
   Requests for supplemental funds to meet an increase in administrative costs arising during the current budget period (such as fringe benefits or organization-wide or other salary increases, not included in the grant application) may be approved administratively without undergoing a competitive review.

2. No-cost Extension:
   An application to extend the project with or without funds may be awarded without competition:

   a. to provide continuity of SSA grant support during the review of a competing application for a project period extension; or

   b. for an orderly phaseout of the Federal support for projects not requesting additional support or whose competing project period extension has been disapproved, or, if approved, will not be funded.

C. Other Exceptions to Competitive Review:
Although SSA should make every effort to competitively review all applications, there are three types of new applications which do not require deviations from the competitive review requirement: unsolicited; sole source; and urgent. (Noncompetitive continuation applications within incrementally funded project periods do not need to be competed.)

In the absence of a competitive review, however, these three types of applications should be submitted to an ad hoc independent review group for evaluation. In reviewing such applications, the evaluators should use evaluation criteria contained in either SSA regulations or in general SSA administrative guidance on the subject.
Notification of unsolicited, sole source, and urgent grant awards must be published in the Federal Register prior to or simultaneous with the award of these grants. These

notifications should include at a minimum the following information:

1. recipient(s) name(s),
2. amount(s) of award(s);
3. project period(s);
4. reason(s) for no competition; and
5. name and address of official to be contacted for more information on these awards.

Although awarding grants based on these applications without competition does not require formal deviations, SSA must document their justifications for noncompetitive awards.

Regarding grant awards to be made on an urgent basis, SSA should limit the delegation of authority for designating an award as urgent to a high level within OAG.

D. Waiver of Competitive Review

Where a single grant is involved, the Director, Office of Operations Contracts and Grants, OAG may authorize a deviation to the competitive review required under GAM 1-03-30.

1. Requests within SSA for deviations on an individual grant basis must be submitted by the Grants Management Officer to the Director, Office of Operations Contracts and Grants, OAG for approval.

2. The request for deviation shall disclose the nature of the deviation and the reason(s) for the deviation.

3. If approved, the deviation must be filed in the appropriate grant and program file.

E. Review and funding cycles

Most grant programs administered by SSA have one review and funding cycle for each fiscal year (FY). This may vary, however, depending upon the availability of FY funds and the grant program. The public is notified of the availability of funds for the various grant programs and the submission date for grant applications through the publication of the program announcement in the Federal Register and on the website Grants.gov. However, program announcements which limit eligibility to State agencies may be mailed directly to the appropriate State agencies by the program office in lieu of publication in the Federal Register and on the website Grants.gov.

F. Funding Plan

If more than one funding cycle is contemplated, the funds available for competing grants are distributed among the funding cycles depending on the number and kinds of grants to be funded. If all the funds allocated for each funding cycle are not awarded, the funds remaining are redistributed to the remaining cycle(s) scheduled for the FY.

FY appropriations are used to fund those grants approved for funding. Subsequent FY appropriations may be used for funding of grants in the following instances:

1. approved supplemental applications; or

2. applications approved for funding in the previous review cycle but not funded due to lack of FY funds.

Grants approved for funding in one FY may have a starting date in a subsequent FY if there is justification provided by the recipient to delay the start of the grant or if the earliest date that the grant can be awarded and expected to be implemented is in the next FY (often grants approved for funding in September have beginning dates of October 1). Availability of current year appropriations is not sufficient justification to fund a project approved for funding in a subsequent FY.

Applications approved for funding in one funding cycle which are not funded because of insufficient funds may be deferred to the subsequent FY for reconsideration of funding. However, the application must compete with other applications under consideration for funding if held to the next review cycle. If the deferred application is not funded in a subsequent funding cycle, the application will be removed from further consideration. The applicant must be notified by the program office when the application is "deferred" and subsequently "removed from consideration."

2-50-10 INDEPENDENT REVIEW

A. General. In addition to any other reviews, each competing application shall be objectively reviewed by at least three qualified independent people (See 2-50-10C). The purpose of the review is to help the approving official decide which applications to approve and in what order.

The program person designated to conduct the competitive review of grant applications is responsible for convening the application review panels which must consist of at least three persons. Separate panels may be convened for each priority area or kind of application and single panels may review two or more kinds of applications. Two or more panels may review a single kind of application if there are too many applications of the same kind. To expedite the panel meetings, the person managing the review may mail all applicable regulations, program announcements, review criteria, program guides, letters of appointment, conflict of interest statement, and applications to the reviewers prior to the scheduled panel meeting. In addition to review panels, collateral reviews are conducted by in-house staff based on their knowledge and expertise of the subject matter. The scores compiled for each application reviewed must be based solely on the evaluations provided by the review panel.

B. Selection of Reviewers.

1. Each program component should maintain a roster of persons who are qualified and willing to serve as members of the review panel. The rosters should contain sufficient numbers of qualified and eligible people to enable the individual appointing the reviewers to have substantial discretion in selecting reviewers. Each program should rotate or replace the members included on the roster to the extent feasible, usually annually. These rosters will be used to:

   a. minimize delays in finding sufficient qualified reviewers;

   b. minimize the need to appoint reviewers who have an actual or potential conflict of interest, (see 2-50-20); and

c. achieve diversity (including rotation over time) in appointing reviewers.

The roster of panel members may be developed through:

a. past association with the program as reviewers;

b. staff recommendations;

c. recommendations by other agencies; and

d. recommendations of panel members.

2. Programs which have experienced difficulty in achieving these goals because of a shortage of reviewers should advertise for qualified reviewers.

C. Independence of Reviewers and Use of Federal Employees.

1. The independent reviewers may not include anyone who, on behalf of the Federal Government, performed or is likely to perform any of the following duties for any of the applications or projects in the competition:

(a) stimulating the submission of the application;

(b) providing substantive technical assistance to the applicant;

(c) reviewing or making recommendations concerning the application in any capacity except as an independent reviewer;

(d) approving or disapproving the application;

(e) serving as Federal Project Officer or otherwise monitoring or evaluating the recipient's programmatic performance;

(f) serving as the SSA Grants Management Officer, or performing grants management functions for the project; or

(g) auditing the recipient or the project.

2. The independent reviewers may not include anyone who has line authority over a person who is ineligible for that review because of paragraph C.1. of this section.

3. Except when ineligible because of paragraphs C.1 or C.2 of this section, Federal employees as well as people from outside the Federal service may be independent reviewers.

4. Except when prohibited by 18 U.S.C. 208 (Acts Affecting a Personal Financial Interest), people who are ineligible for independent reviewer because of paragraphs C.1 or C.2 of this section may review and make recommendations about the competing applications, but not as independent reviewers.

5. After a competition, it occasionally becomes necessary for a granting agency to change assignments of its personnel. As a result, independent reviewers might later be assigned duties which would have disqualified them from serving as a reviewer. This is permissible provided the assignment was not expected when the competitive review was conducted.

D. Diversity. Normally, except for Federal employees, the independent review should not be done by two or more people who are employed by the same organization. Furthermore, each program should periodically rotate or replace its reviewers, to the extent feasible.

2-50-20 CONFLICTS OF INTEREST

A. Disqualification rule. If an independent reviewer has a conflict of interest in an assigned application, he or she shall not participate in, or even remain present, during the review of that application.

B. Who has a conflict of interest?

1. For the purpose of this section, a person has a conflict of interest in an application if that person or his or her spouse, parent, minor child, or partner:

   (a) serves as an officer, director, trustee, partner, or employee of the applicant, its parent or subsidiary organization;

(b) is negotiating (or has an arrangement concerning) prospective employment (or other similar association) with the applicant, its parent or subsidiary organization; or

(c) has a financial interest, within the meaning of 18 USC 208, in the application or in the applicant, its parent or subsidiary organization.

2. For the purpose of this section:

(a) "parent organization" includes a holding company, trust, or other entity in a higher level organizational relationship with the applicant; and

(b) "subsidiary" means an entity under effective control -- by ownership or otherwise -- of another organization; and it includes a subsidiary or co-subsidiary of the same parent organization.

C. Filing and Review of Conflicts of Interest Statements

1. Except as provided in C.2, below, every person who will serve as an independent reviewer shall be required to submit a Representation of Absence of Conflict of Interest statement (Non-Federal or Federal, as applicable) (See attachments X2-50-1, X2-50-2) and, when appropriate, a Conflict of Interest Summary Sheet (See attachment X2-50-3).

2. It is the responsibility of the program official(PO) who manages the grant review process to review the statements of the panel review members to identify any actual or apparent conflict of interest.

D. Warning to Reviewers. Before they review any application, independent reviewers shall be informed that to protect themselves from allegations of conflicts of interest, and possible criminal penalties, they must take individual responsibility for evaluating their own affiliations and financial interests, and those of their family, that relate to their duties as a reviewer.

The application and any information pertinent to the review of the application shall not be made available to an independent reviewer who was disqualified due to a conflict of interest. If a panel member is excused from participating in the review because of a conflict of interest, every effort should be made to replace the reviewer. However, the option exists to have the application reviewed by the remaining members even though the initial panel is comprised of only three members.

E. Waivers

1. The need for a waiver may be discovered during review of the confidential statement filed by a prospective reviewer or when the person requests a waiver in writing. The official who manages the grant review process (or any other official authorized by the Commissioner of SSA) may waive the disqualification, if he or she determines in writing that:

   a. without the reviewer in question, it would not be practical to secure an adequate independent review, and

   b. the particular conflict of interest is too remote or inconsequential to affect the integrity of the services which the government may expect from the reviewer.

2. If the reviewer would otherwise be barred from reviewing the application under the provisions of 18 U.S.C. 208 or any other Federal statute, waivers are permissible only as provided under that statute.

2-50-30 THE FEDERAL ADVISORY COMMITTEE ACT

The SSA requirement that competing applications must receive an independent objective review does not mean that these reviews necessarily will be carried out by means of an advisory committee subject to public meeting and other provisions of the Federal Advisory Committee Act (5 USC App.). SSA can accomplish its purposes without creating such an advisory committee. SSA should be aware that any of the following may be deemed Federal Advisory Committees within the meaning of the Act:

1. review groups with fixed membership and regular meetings;

2. formally structured review groups which elect or appoint their officers; or

3. review groups which provide consensus advice, by voting or scoring as a group, rather than by having each member of the group score or vote on each application as an individual reviewer.

2-50-40 CONDUCTING THE TECHNICAL EVALUATION REVIEW

A. Panels vs. Field Readers. SSA may arrange for the independent reviewers to meet and discuss the applications; or, SSA may have the reviews performed by field readers. Field readers do not meet to discuss the applications. They submit the results of their reviews by mail. In all other respects, field readers function in essentially the same way as a panel.

B. Review Panel Meetings.

At the opening of the meeting of the panel the program official responsible for conducting the technical evaluation review shall:

1. Complete all actions necessary for official appointment of panel members.

2. Inform each member of the kind or kinds of grant applications with respect to which he or she is serving on the panel. Also, furnish him or her, if not already furnished, with copies of the statutory, regulatory, and program announcement materials that, in the judgement of the responsible official, the member will need in order to evaluate those applications. If not previously provided, include a copy of the grant applications.

3. Inform each of the panel members that each of them is required to read, and then score on each of the applicable priorities and criteria, each application of the kind or kinds with respect to which the person is serving on the panel. Also inform each panel member that each of them is requested to provide, for each application, a narrative assessment in addition to the scores.

4. Furnish each member with the written scoring instructions and forms that the person will need in order to understand how to arrive at and to record the scores for the grant applications. The scoring form will not include any criteria not published in the program announcements. Reviewers will only use scoring instructions and forms that have been approved by the Grants Management Officer.

5. Explain the evaluation priorities and criteria and their weights and the manner of scoring the grant applications, all in accordance, and only in accordance, with program regulations, announcements, or governing publications.

6. Inform the panel that the program official will decide all procedural questions on which the panel members appear unable to agree, expeditiously and in accordance with the rules or practices of SSA. GMT staff may be consulted, when necessary.

7. Inform the panel that the decisions and reviews of the applications are confidential.

C. Scoring and Comments.

1. Each independent reviewer shall numerically score each application against the published evaluation priorities and criteria. Scoring against unpublished criteria or priorities is prohibited. The reviewers may omit the scoring of applications which a majority of reviewers have recommended for disapproval under paragraph B. of this section.

2. The reviewers shall be requested to make written comments on each application.

D. Recommendations For Approval, Disapproval or Deferral. The reviewers are to recommend approval, disapproval, or deferral of an application for further review and consideration. To provide for consistency in providing recommendations for approval or disapproval, the panel members should be advised to establish an arbitrary score for grants recommended for disapproval, for example, any score below 60 could be recommended for disapproval.

E. Documentation. For each competition, the Program Official (PO) who manages the process shall keep records to document:

1. Which reviewers reviewed each application;

2. The reviewers' qualifications;

3. Compliance with the filing and review of Conflict of Interest Statements;

4. The actions taken to avoid an actual conflict of interest, and any authorized waivers of the disqualification rule.

5. The time and date of the review meeting.

2-50-50 RANKING OF APPLICATIONS

A. For each competition, the PO conducting the review panel meeting will prepare a ranking of all the applications that have been scored by the independent reviewers. In preparing this ranking, the PO shall use only the scores given by the independent reviewers (except for adjustments under Section 2-50-50.B, when applicable). Neither those scores nor the ranking itself may be adjusted to reflect the opinions of people who were not independent reviewers. The rankings should be by priority area if applications for more than one priority area are reviewed. Nonpriority area projects are listed and ranked separately.

In preparing the ranking sheets to reflect the recommendations of the panel members for approval/ disapproval of the grant applications, the majority rule should prevail; i.e., two members recommend approval, and one member recommends disapproval; the scoring sheet should reflect review panel approval of the application.

B. If applications competing against each other were divided among two or more independent review groups, a single consolidated ranking will be prepared. In doing so, the raw scores may be adjusted by appropriate statistical techniques, to offset any tendency by one independent review group to score higher or lower than another. (This includes any approved but unfunded applications carried

over from a previous competition to the current competition without rescoring.)(See section 2-50-90.)

C. If the program announcement indicated a preference for competing continuations over new projects, or vice versa, the ranking may be adjusted to reflect that preference if it is not already reflected in the raw scores.

2-50-60 THE GRANTS MANAGEMENT OFFICER'S RESPONSIBILITIES

In signing a notice of grant award, the Grants Management Officer(GMO) is certifying that all applicable SSA requirements for independent, competitive review have been carried out. Except in programs where the independent review is managed by an organization separate from the program office:

A. The GMO must approve the scoring instructions and forms used by the reviewers.

B. The GMO shall personally insure that independent reviewers score applications only on the criteria (and if appropriate, the priorities) published in the program announcement or regulations.

C. Following the reviews, the GMO shall either:

1. Collect the scoring sheets (and evaluation materials) and prepare the ranking of applications for the approving official; or

2. Inspect the ranking, if it is prepared by another person, and countersign it to indicate to the approving official that all applicable requirements have been satisfied.

2-50-70 APPROVAL OF APPLICATIONS

A. The approving official shall consider the ranking, any comments and recommendations from the independent reviewers, and any other available advice or information before deciding which applications to approve and their order of approval.

B. The approving official shall use his or her own best judgment in reaching decisions. However, the official shall put in writing his or her reasons for each difference (if any) from the ranking.

C. The approving official shall also put in writing his or her reasons for each disapproval. If the disapproval is based on a recommendation for disapproval from the independent reviewers, or on the application's position on the ranking, no additional reason need be given.

2-50-80 FUNDING PROCEDURES

A. Grants may be awarded only pursuant to duly approved written applications. Funding approval for all project grant activities (competing, non-competing, supplemental, and unsolicited) must exist in the form of a Decision Memo and an Accounting Data Sheet signed by the appropriate level of SSA management before an award is issued. Existing Delegations of Authority need to be considered when determining the required level of approval. Existing Delegations of Authority can be found by the Grants Management Office at \\GMT\Common Grant Files\Delegations of Authority.

B. The list of approved applications shall be sent to the GMO for negotiation and award. The GMO shall determine whether there is reason to object (on business management or other non-programmatic grounds) to any of the awards on the list. If so, the GMO shall consult with the cognizant program official to settle any disagreements. If they cannot agree, the issues shall be presented to the ACOAG for final decision. The final decision shall also be in writing and shall be made a part of the official grant file or the program information file, as appropriate.

C. As provided in section 1-05-20, if the GMO declines to sign a notice of grant award, it may not be issued unless signed by either the Director, Office of Operations Contracts and Grants or the ACOAG.

2-50-90 APPROVED BUT UNFUNDED APPLICATIONS

In many competitions, more applications are approved than SSA can fund from the money available for awards. When that happens, the approving official will usually fund

applications in their order of approval until funds run out. In this case, if there is a legitimate, realistic reason to anticipate that funds will be available later or in the next fiscal year(FY), applicants may be advised that the application is being held for that reason. In such cases, extreme care must be taken to avoid giving the applicant a false sense that any commitment is being made, thereby raising expectations unjustifiably. If a decision is made to carry over applications approved for funding by a review panel from one review cycle to a subsequent review cycle, all applications approved for funding by the review panel must be carried over to the subsequent review cycle. Individual applications may not be arbitrarily selected to be carried over to another review cycle. This procedure is applicable only in those programs which have more than one review cycle per FY. Applicants must be advised that their applications will be considered in the subsequent review cycle. Applications which are approved for funding in one FY but are not funded because of a lack of FY funds may be held over to the next FY for funding. This procedure is applicable only in those programs which have one review cycle per FY or the application was reviewed in the last review cycle of the fiscal year.

These carried-over applications need not be reviewed and scored again by the review panel unless the review criteria has changed. The applications, however, must be ranked with the applications undergoing review for funding in the subsequent competition.

2-50-100 NOTIFICATION TO UNSUCCESSFUL APPLICANTS

When a decision is made not to fund an application, the SSA Program Office shall promptly notify the unsuccessful applicant. If the notification does not contain a full explanation of the reasons for the decision, SSA shall furnish the explanation on request of the applicant. However, the applicant may not be advised of the recommendations of any specific review panel member nor provided with the names of any other unsuccessful applicant. The following terminology is used to describe the outcome of the objective review process:

1. "Recommended for approval" -- an application reviewed by panelists or field readers which has been judged to meet

specified scientific, technical or other criteria and will be funded.

2. "Recommended for disapproval" -- an application reviewed by panelists or field readers which has been judged deficient in its scientific, technical, managerial or other relevant aspects.

3. "Recommended for approval but unfunded" -- an application reviewed and recommended for approval, which is not funded because of insufficient funds but will be considered in a subsequent review cycle.

2-50-110 UNSOLICITED APPLICATIONS

A. Unsolicited applications are those types of applications (including continuations and supplementals) which are required to compete by Section 2-50-00, but are not submitted in response to a program announcement, and which have been submitted to the Government solely on the applicant's own initiative without prior formal or informal solicitation.

B. Unsolicited applications may originate through correspondence between the applicant and either an SSA Program Office or the Grants Management Office. The term Unsolicited Application’ is defined in GAM section 1-02-20.

Upon receipt of an unsolicited funding request, it should be forwarded to the Chief Grants Management Officer to initiate the processing of the request. The Grants Management Office will collaborate with the appropriate SSA Program Offices to establish whether there is Programmatic interest in considering such funding requests before an application package is requested by the Grants Management Office. At times, the Grants Management Office may need to discuss an unsolicited application with multiple Program Offices to determine which office, if any, is interested in considering the application. If multiple Program Offices are simultaneously considering an unsolicited application, they will all be advised of the other office’s involvement.

If Program Office interest in considering an unsolicited application is established, the Program Office should state this in writing to the Grants Management Office, along with any special instructions to explain what the Project

Narrative should include. The Grants Management Office will then correspond with the applicant concerning the necessary submission of a complete application package.

The Grants Management staff may refer to \\GMT\Common Grant Files\Application Process\Application Kit\Application Package Inclusion List.doc for an explanation of what constitutes a complete application package for an unsolicited application.

Refer to GAM section 2-50-80.A regarding the necessary funding approval before an award is issued.

Refer to GAM section 2-50-100 regarding notification to an unsuccessful applicant.

C. 1. If an SSA grant program accepts unsolicited applications, each shall compete under the program announcement it comes closest to fitting.

2. When that is not feasible, the application shall be submitted for an ad hoc independent review. The reviewers shall use the generalized evaluation criteria in Section 2-35-20. In deciding whether to approve the application, the approving official shall consider the results of the independent review and any other available information. The application may be approved only if the approving official determines in writing, with supporting reasons, that the application is so outstanding that it deserves funding without competition.

3. The authority to fund unsolicited applications without competition shall be used sparingly -- only in cases of unquestionable merit. In addition, approval of an application without competition, under the authority provided by section 2-50-110, shall constitute the approving official's certification that, to the best of his or her knowledge, the application was in fact unsolicited.

2-50-115 SUPPLEMENTAL FUNDING REQUESTS

The term ‘Supplemental Funding’ is defined in GAM Section 1-02-20. GAM section 2-50-00 discusses supplemental funding requests subject to competition or excluded from it.

Supplemental funding requests may originate through correspondence between the grantee and either an SSA Program Office or the Grants Management Office. Supplemental funding requests are processed by the Grants Office and Program Office staff overseeing the affected grant.

Refer to GAM section 2-50-80.A regarding the necessary funding approval before an award is issued.

Refer to GAM section 2-50-100 regarding notification to an unsuccessful applicant.

2-50-120 URGENT APPLICATIONS

A. An urgent application is an application which cannot be held until the next regular competitive review because the proposed project could not achieve its objectives if funding was delayed that long. Examples are emergency disaster relief projects and "now-or-never" research projects.

B. Since SSA's policy is to achieve maximum open and free competition, only the ACOAG is authorized to classify applications as urgent. This authority may not be re-delegated.

C. Urgent applications shall be submitted to an ad hoc independent review. The reviewers shall use the generalized evaluation criteria in Section 2-35-20. In deciding whether to approve applications classified urgent by the ACOAG, the approving official shall consider the results of the independent review and any other available information. The applications may be approved only if the approving official determines in writing, with supporting reasons, that the applications are so outstanding that they deserve funding without competition.

2-50-130 TRANSFER OF A GRANT TO A SUCCESSOR OR REPLACEMENT RECIPIENT

A. Occasionally it becomes necessary to replace a recipient for reasons such as the following:

1. The original recipient abandons the project, becomes ineligible or relinquishes the grant;

2. The original recipient so seriously violates the terms of the grant that SSA terminates for cause;

3. The principal investigator for a research project transfers to another employer and the original recipient relinquishes the grant instead of appointing a replacement principal investigator satisfactory to SSA; or

4. The original recipient's performance has been so poor that SSA is unwilling to award it a non-competing continuation.

5. As a result of legislative changes or other legal action affecting the legal status of a grantee institution, such as mergers, consolidations, name changes, or other organizational changes.

B. A change of grantee institution is the process whereby the legal and administrative responsibility for carrying-out a grant-supported project or activity is transferred from one legal entity to another prior to the completion date of the grant being transferred. Such a change may be accomplished with respect to any SSA discretionary project grant except foreign grants.

The need for the grant-supported project or activity that existed at the time of the original award must continue to exist at the time of the proposed award to the successor grantee institution, and there must be no significant change or reduction in the scope or objectives of the project or activity.

The change of grantee institution must be made in a timely manner.

The original grant must be terminated either:
a. for cause;
b. by SSA with the consent of the grantee, or;
c. unilaterally by the grantee.

C. Support may continue at the new institution without competitive review provided that

1. the original grantee institution agrees in writing to relinquish the project,

2. the project director/principal investigator plans no significant change in objectives and level of expenditure from that proposed for the project as originally approved, and

3. the new institution submits a new application for support of the project. If either 1. or 2. above does not apply, the application will be reviewed as a new application and will compete for available funds.

D. When transferring the grant from one grantee to another, the institution relinquishing the grant must submit a list of any equipment purchased under the grant which is to be transferred to the new grantee. In addition, the original grantee must provide an estimate of the expenditures incurred up to the effective date of the transfer and an estimate of the unobligated balance. An amended award is issued to the original grantee for the estimated amount of expenditures. The recovered amount (unobligated balance) is awarded to the new grantee. The approval list for the initial grant award must be revised to reflect:

1. the de-obligation of fiscal year funds which remain unobligated, and

2. the re-obligating of these funds to the successor grantee.

Any adjustments in these amounts will be made upon receipt of a final Financial Status Report from the original grantee. Only actual unobligated funds remaining from the initial grant may be transferred to the successor grantee.

A new grant number must be assigned to the successor grant recipient.

E. The transfer of a grant may be accomplished at any time during the fiscal year in which the initial grant was awarded. However, where there is a transfer of a grant in a fiscal year subsequent to that in which the initial grant was awarded, the matter should be discussed with the Office of Finance, to ascertain if the funds may be transferred from the initial grantee to the successor grantee via an award. The grant file should be documented to reflect the decision.

2-50-140 AVAILABILITY OF INFORMATION

Documents prepared for use by independent reviewers (including the qualifications and conflicts of interest of reviewers) are available for public inspection and copying in accordance with applicable limitations of the Freedom of Information Act (5 U.S.C. 552) and the Privacy Act (5 U.S.C. 552a).

(NON-FEDERAL REVIEWERS)

REPRESENTATION OF ABSENCE OF CONFLICT OF INTEREST

Each person who serves as an independent reviewer is required to submit a representation of absence of conflict of interest form.

CONFLICTS OF INTEREST

Disqualification rule. If an independent reviewer has a conflict of interest in an assigned application, he or she shall not participate in, or even remain present, during the review of that application.

Who has a conflict of interest? A person has a conflict of interest in an application if that person or his or her spouse, parent, minor child, or partner:

1. serves as an officer, director, trustee, partner, or employee of the applicant, its parent or subsidiary organization;
2. is negotiating (or has an arrangement concerning) prospective employment (or other similar association) with the applicant, its parent or subsidiary organization; or
3. has a financial interest, within the meaning of 18 USC 208, in the application or in the applicant, its parent or subsidiary organization.

Parent Organization - includes a holding company, trust, or other entity in a higher level organizational relationship with the applicant.

Subsidiary - means an entity under effective control--by ownership or otherwise--of another organization; and it includes a subsidiary or co-subsidiary of the same parent organization.

IMPORTANT INFORMATION

To protect yourself from allegations of conflicts of interests, and possible criminal penalties, you must take individual responsibility for evaluating your own affiliations and financial interests, and those of your family, that relate to the duties as a reviewer.

Based on the above definition of conflict of interest, I do not have any conflict of interest in an application which I shall review.

_____ _____
Signature of Reviewer Date

(FEDERAL EMPLOYEE REVIEWERS)

REPRESENTATION OF ABSENCE OF CONFLICT OF INTEREST

Each person who serves as an independent reviewer is required to submit a representation of absence of conflict of interest form.

CONFLICTS OF INTEREST

Disqualification rule. If an independent reviewer has a conflict of interest in an assigned application, he or she shall not participate in, or even remain present, during the review of that application.

Who has a conflict of interest? A person has a conflict of interest in an application if that person or his or her spouse, parent, minor child, or partner:

1. serves as an officer, director, trustee, partner, or employee of the applicant, its parent or subsidiary organization;

2. is negotiating (or has an arrangement concerning) prospective employment (or other similar association) with the applicant, its parent or subsidiary organization; or

3. has a financial interest, within the meaning of 18 USC 208, in the application or in the applicant, its parent or subsidiary organization.

Parent Organization - includes a holding company, trust, or other entity in a higher level organizational relationship with the applicant.

Subsidiary - means an entity under effective control--by ownership or otherwise--of another organization; and it includes a subsidiary or co-subsidiary of the same parent organization.

IMPORTANT INFORMATION

To protect yourself from allegations of conflicts of interests, and possible criminal penalties, you must take individual responsibility for evaluating your own affiliations and financial interests, and those of your family, that relate to the duties as a reviewer.

(continued)

INDEPENDENCE OF REVIEWERS AND USE OF FEDERAL EMPLOYEES

If you are an employee of the Federal Government, the following restrictions also apply:

1. Independent reviewers may not include anyone who, on behalf of the Federal Government, performed or is likely to perform any of the following duties for any of the applications or projects being reviewed:

   a. stimulating the submission of the application;

   b. providing substantive technical assistance to the applicant;

   c. reviewing or making recommendations concerning the application in any capacity except as an independent reviewer;

   d. approving or disapproving the application;

   e. serving as Federal Project Officer or otherwise monitoring or evaluating the grantee's programmatic performance;

   f. serving as the Federal Grants Officer, or performing grants management functions for the project; or

   g. auditing the grantee or the project.

2. Independent reviewers may not include anyone who has line authority over a person who is ineligible for the review because of the above restrictions.

Based on the above definition of conflict of interest, and the restrictions applicable to Federal Government employees, I do not have any conflict of interest in an application which I shall review.

_____ _____

Signature of Reviewer **Date**

CONFLICT OF INTEREST SUMMARY SHEET

SSA GRANT PROGRAM: _____

APPLICATION NUMBER: _____ DATE: _____

PANEL NUMBER: _____ PRIORITY CODE: _____

PANEL MEMBER: _____

The following summarizes the reason(s) the above panel member may have a conflict of interest with the above application:

_____

_____

_____

_____

_____

_____

_____

The following action was taken to resolve the conflict of interest:

_____

_____

_____

_____

_____

_____

Completed by: _____ Date:_____

Part 2 PRE-AWARD REQUIREMENTS
Section 55 NOTICES OF GRANT AWARD

2-55-00 Scope
2-55-10 Definition
2-55-20 Contents
2-55-30 Signatures
2-55-40 Award Letter
X2-55-1 Notice of Grant Award

2-55-00 SCOPE

This section sets forth minimum requirements for a notice of award in discretionary grant (and cooperative agreement) programs.

2-55-10 DEFINITION

As used in this section:

"Notice of grant(or cooperative agreement) award" means the official award document used in discretionary grant programs that
(1) notifies the recipient and others of the award of a grant,
(2) contains or references all the terms and conditions of the grant and Federal funding limits and obligations, and
(3) provides the documentary basis for recording the obligation of Federal funds in SSA's accounting system.

2-55-20 CONTENTS

Except for the name at the top of the award document, the notice of grant award and the notice of cooperative agreement award are exactly the same.

A notice of grant award (see Attachment X2-55-01) will contain the following information:

A. Legal name and address of the recipient and the name of the granting agency.

B. Type of assistance: grant or cooperative agreement.

C. Grant number.

D. Project title.

E. 1. Amount being awarded and any cost sharing or matching required.

2. Approved budget, if applicable.

3. Dates of the grant period.

4. If the grant is incrementally funded under Section 3-30, it shall also specify:

(a) the dates of the budget period and project period, and;

(b) the cumulative total of Federal funds authorized to date and the amount recommended for each subsequent budget period of the project period.

F. Purpose of the grant. In many cases a descriptive title of the project being supported will suffice for this purpose.

G. Congressional district and County in which recipient is located.

H. Statutory authority and regulations under which the grant is made.

I. Reference to all grant terms and any special conditions required as a condition of the award.

J. Name of key recipient personnel, such as the principal investigator or project director.

K. Names of the SSA Project Officer and Grants Management Officer.

L. Information needed for the fiscal administration of the grant, such as: obligation document number (if different from grant number); the recipient's employer identification number; the address of the recipient; and the accounting classification numbers (fiscal year/common accounting number, and object class code).

M. Necessary actions when rebudgeting of funds is needed.

N. Clearly indicate (by reference or otherwise) current prior approval requirements, and the applicability of any special exceptions, e.g., expanded authorities.

O. Name, address and telephone number of the Federal payment office and the recipient's need to contact the payment office to set up payment arrangements.

P. The following, or equivalent, announcement: "For your information, the SSA Inspector General(IG) maintains a toll free telephone number, 1-800-269-0271, for receiving information concerning fraud, waste or abuse under grants and cooperative agreements. Such reports are kept confidential, and callers may decline to give their names if they choose to remain anonymous. You may also send a FAX to: (410) 597-0118."

Q. Incorporated by reference, the appropriate legislation, regulations, and other policies applicable to the award.

2-55-30 SIGNATURES

A. Each notice of grant award must be signed by either:

1. The Grants Management Officer or

2. The Director, Office of Operations Contracts and Grants or

3. The Associate Commissioner, Office of Acquisition and Grants.

B. The signature on the notice of grant award shall constitute the signer's certification that the notice is complete and the grant is in accordance with all applicable laws and regulations and SSA grant and program policies. No person shall be required to sign a notice of grant award unless he or she is so satisfied.

C. Signature by the recipient is not required.

2-55-40 AWARD LETTER

An award letter accompanies each notice of grant (or cooperative agreement) award. Items that are included in the award letter include

A. Detailed terms and conditions of the award.

B. The SSA Project Officer and Grants Management Officer, along with their office addresses and telephone numbers and, when available, Internet email addresses.

C. The following notice with awards which the Grants Management Officer expects will afford opportunities for purchases from the business community:

"It is a national policy to place a fair share of purchases with small, minority, and woman-owned business firms. The Social Security Administration is strongly committed to the objectives of this policy and encourages all recipients of its grants and cooperative agreements to take affirmative steps to ensure such fairness. In particular, recipients should:

1. Place small, minority, and woman-owned business firms on bidders mailing lists.

2. Solicit these firms whenever they are potential sources of supplies, equipment, construction, or services.

3. Where feasible, divide total requirements into smaller needs, and set delivery schedules that will encourage participation by these firms.

4. Use the assistance of the Minority Business Development Agency of the Department of Commerce, the Office of Small and Disadvantaged Business Utilization, SSA, and similar state and local offices, where they exist."

D. A copy of 20 CFR Part 435 and/or Part 437 (for new grants only); and a copy of SSA Grants Policy Handbook (for new grants only).

2-55-50 ELECTRONIC NOTICES OF GRANT/COOPERATIVE AGREEMENT AWARD

Notices of Award will be emailed to the grantee, containing the Grants Officer's signature.

The emailed Notices of Award will include the award and all accompanying enclosures as an attached .pdf file.

Any awardee who asks for a paper, signed notice of award will be provided with one.

Social Security Administration

NOTICE OF GRANT AWARD

1. DOCUMENT NO.

CFDA NO.

2. GRANT NO.

3. AMEND. NO.

Under authority of _____
(Legislation) (Regulations)

This grant is subject to the terms and conditions incorporated either directly or by reference in:

a. Grant Program Legislation cited above.

b. Grant Program regulations cited above.

c. Special Terms and Conditions, if any, noted below.

d. SSA Grants Policy Handbook in effect as of beginning date of grant budget period.

e. 45 CFR Part 74 and Part 92.

4. BUDGET PERIOD

FROM THROUGH

5. TOTAL PROJECT PERIOD:

FROM THROUGH

6. TYPE OF GRANT

☐ NEW ☐ COMPETING EXTENSION

☐ CONTINUATION ☐ SUPPLEMENT

☐ REVISION FOR ( ) See Reverse for Explanati

7. PROJECT/PROGRAM TITLE

8. GRANTEE ORGANIZATION

9. PRINCIPAL INVESTIGATOR OR PROGRAM DIRECTOR

11. CONGR. DISTRICT

12. COUNTY

10. APPROVED BUDGET

GRANT FUNDS ONLY ☒ TOTAL PROJECT COSTS ☐

PERSONNEL . . . . . $
FRINGE BENEFITS . . . .
TRAVEL . . . . . .
EQUIPMENT . . . . . .
SUPPLIES . . . . . .
CONTRACTUAL . . . . . .
OTHER: . . . . . .
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. . . . . .
DIRECT COSTS . . . . . $
INDIRECT COSTS . . . . .
Calculated at % of $

TOTAL APPROVED BUDGET $

13. REQUIRED GRANTEE PARTICIPATION

14. AWARD COMPUTATION

A. TOTAL APPROVED BUDGET . . . . . $

B. LESS NON-FEDERAL SHARE $

C. LESS UNOBLIGATED BALANCE FROM PRIOR BUDGET PERIOD(s) _____ $

D. TOTAL AMOUNT AWARDED THIS BUDGET PERIOD $

15. AMOUNT AWARDED-THIS ACTION $

16. TOTAL FEDERAL FUNDS AWARDED TO DATE FOR PROJECT PERIOD…… $

17. SUPPORT RECOMMENDED FOR REMAINDER OF PROJECT PERIOD

PERIOD TOTAL DIRECT COSTS

18. REMARKS (SPECIAL TERMS & CONDITIONS ATTACHED ☒ YES ☐ NO)

19. PAYMENTS UNDER THIS AWARD WILL BE MADE AS EXPLAINED ON REVERSE SIDE.

20. INQUIRIES REGARDING ADMINISTRATION OF THIS GRANT SHOULD BE DIRECTED TO:

_____ OR _____
(SSA PROJECT OFFICER) (SSA GRANTS MANAGEMENT SPECIALST)

21. FY CAN

22. CRS/EIN

23 OBJECT CLASS

24 SSA LIST NO.

25. SIGNATURE AND TITLE - SSA OFFICIAL

_____ DATE _____

GRANTS MANAGEMENT OFFICER_____

Form SSA-3965 (3-88)

EXPLANATIONS

Item 6. Purpose of Revision:

(a) To apply actual unobligated balance from prior budget period and decrease Amount Awarded.

(b) To apply actual unobligated balance from prior budget period and increase Amount Awarded.

(c) To apply actual unobligated balance from prior budget period and decrease Total Approved Budget.

(d) To apply actual unobligated balance from prior budget period and increase Total Approved Budget.

(e) To approve requested change in Principal Investigator or Program Director.

(f) To approve requested change in date of Budget Period and/or Project Period.

(g) To approve requested rebudgeting within Total Approved Budget.

(h) To change Grantee Participation.

(I) Other (see remarks).

Item 19. Payment Clause

Inquiries regarding payments should be directed to:

Division of Central Accounting & Reporting
Social Security Administration
PO BOX 47
Baltimore, Maryland 21235
Telephone No. (410) 965-5621

For your information, the SSA Inspector General maintains a toll free telephone number: (800) 269-0271, for receiving information concerning fraud, waste or abuse under grants and cooperative agreements. Such reports are kept confidential, and callers may decline to give their names if they choose to remain anonymous. You may also send a FAX to: (410) 597-0118 or send e-mail to oig.hotline@ssa.gov.

Part 2 PRE-AWARD REQUIREMENTS
Section 60 PROCEDURES FOR CONGRESSIONAL RELATIONS STAFF OFFICE NOTIFICATION OF GRANT AWARDS

2-60-00 Purpose
2-60-10 Scope
2-60-20 Procedures
X2-60-1 Grant Award Alert
X2-60-2 Facsimile Transmittal Sheet
(continue to use as an option when there are a large number of awards)

2-60-00 PURPOSE

This section prescribes procedures for assuring that members of Congress and others receive prompt notification of grant and cooperative agreement awards; and it enables SSA's Congressional Relations Staff(CRS) to plan adequately for the announcement of grants when they are awarded.

2-60-10 SCOPE

This section is applicable to all new and competing continuation awards, supplemental awards of significant amounts, and noncompeting continuations of one million dollars or more.

2-60-20 PROCEDURES

A. The Grants Management Officer shall notify CRS of pending awards as soon as practicable after the award decision is firm. This notification usually occurs after the approval list has been signed by the Office of Finance. The notification shall be made by messenger or FAX and shall contain the following information (a copy of the award may be used if it contains all of the required information):

1. name and address of recipient;

2. grant number;

3. name of project director or principal investigator;

4. congressional District in which the recipient is located;

5. amount of grant;

6. grant project period;

7. descriptive title of grant project; and

8. SSA program contact for additional information.

After FAX receipt is confirmed, the grant number and confirmation date should be recorded on the FAX copy and placed on top of the grant file.

B. SSA shall not mail the award to the recipient or distribute the award externally or internally sooner than 72 hours after the notification to the CRS. In exceptional circumstances, such as the final days of the fiscal year, SSA may arrange with CRS for a 48 hour delay instead of 72 hours.

In some instances, CRS will need additional time to obtain "White House" clearance. CRS will instruct the GMO when additional time is needed and also when the GMO may release the award. During the 72-hour period or additional time needed by CRS, no information concerning an award may be released.

GRANT AWARD ALERT

This is to inform you that the Social Security Administration (SSA) will be releasing the following grant award. If you have questions, please call the contact person listed below.

Grant Number:

Name of Grantee:

Address:

City, State, Zip:

Phone Number:

Congressional District of Grantee:

Project Director or P.I.:

Title of Grant Project:

CFDA No: 96.007

Program Title:

Amount of Award:

Date Issued:

Type of Award:

Type of Action: New Award/Continuation (02 year)/etc.

Type of Financial Asst: Cooperative Agreement

Grant Project Period:

Grant budget Period:

SSA Grants Staff Contact/Phone: E. Joe Smith, (410) 965-9503

SOCIAL SECURITY ADMINISTRATION
OFFICE OF ACQUISITION AND GRANTS
7111 Security Blvd.
1st Floor Rear Entrance
Baltimore, Maryland 21244
FAX NUMBER - (410) 966-9310
OR (410) 965-2965

FACSIMILE TRANSMITTAL SHEET

DATE:

NUMBER OF PAGES: Cover + ____

TO: Frank Jasmine PHONE NO: (202) 358-6023
Office of Deputy Commissioner
for Legislation and Congressional FAX. No. (202) 358-6074 or 6075
Affairs (ODCLCA)
8th Floor, ITC Bldg., 500 E St., SW
Washington, D.C. 20254

FROM: E. Joe Smith, PHONE NO: (410) 965-9503
Grants Management Officer
Office of Operations Contracts and Grants
Office of Acquisition and Grants

COMMENTS

NOTIFICATION OF GRANT AWARD(S):

14-S-10050-3-01
14-S-10051-9-01

/_/ ACKNOWLEDGEMENT OF RECEIPT REQUESTED. PLEASE CONTACT:

NAME: _____ TEL. _____

Part 2 PRE-AWARD REQUIREMENTS
Section 65 GRANTS AND COOPERATIVE AGREEMENTS TO THE FEDERATED STATES OF MICRONESIA, THE REPUBLIC OF THE MARSHALL ISLANDS, AND PALAU

2-65-00 Background
2-65-10 Scope
2-65-20 Policy
X2-65-1 The Compact - What Expires

2-65-00 BACKGROUND

After World War II, and until 1986, the Pacific Islands of Micronesia, The Marshalls, and Palau were governed by the United States under a United Nations trustee arrangement. Collectively, they were referred to as the "Trust Territory of the Pacific," and were administered by the Office of the High Commissioner in the Department of Interior. Financial assistance for the Trust Territory was awarded to the Office of the High Commissioner, who apportioned awards among the three entities involved.

In 1986, the US Congress enacted a Compact of Free Association which would have made all three entities sovereign countries "freely associated" with the United States. The citizens of the Federated States of Micronesia and the Republic of the Marshall Islands approved the Compact and are now freely associated. The Compact of Free Association is not yet effective in Palau; so Palau remains in a trustee relationship. Both the Freely Associated States and Palau remain eligible for financial assistance. but on revised terms - as explained below.

Until 1986, the Department of Interior required that federal grantor agencies accept applications for financial assistance from the Trust Territory only if they were processed through Interior's Office of the High Commissioner, and that all awards be made to the Office of the High Commissioner. Under the Compact of Free Association, Interior retains an oversight responsibility with respect to all US Government relations (including financial assistance) with the Freely Associated States and Palau. However Interior has reduced the role of the Office of the High Commissioner and has directed federal departments and agencies to deal directly with the governments of the Freely Associated States and with Palau.

2-65-10 SCOPE

This section applies to all grants and cooperative agreements to the Federated States of Micronesia, the Marshall Islands, and Palau. It does not apply to other insular areas such as the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

2-65-20 POLICY

Federal programs and financial assistance are still available to the Federated States of Micronesia and the Marshall Islands, subject to varying terms and conditions in Titles I and II of the Compact of Free Association Act of 1985 (P.L. 99-239 as amended by P.L. 99-658). In particular, Federal agencies are authorized to continue awarding grants to the Republic of Palau, except that the government of Palau will receive the award directly.

EMBASSY OF THE

FEDERATED STATES OF MICRONESIA

WASHINGTON, D.C.

THE COMPACT - WHAT EXPIRES, WHAT CONTINUES?

It is often overlooked that the Compact as a whole is drafted to go on indefinitely, until either or both parties act pursuant to Title Four, Article IV, to terminate it. The only parts of the Compact that expire are those that are specifically limited to a fixed term, and they are found in Title Two:

Section 211- Basic block grants expire after fifteen years, but see Section 231 which provides for an extension of up to two years during ongoing negotiations.

Section 212- CAT Team grants - expire after fifteen years, but CAT teams themselves are envisioned as continuing indefinitely on terms subject to renegotiation after fifteen years.

Section 214- Energy self-sufficiency grants - expire after fifteen years.

Section 215- Communications grants - expire after fifteen years.

Section 216- Maritime surveillance, health and medical, post-secondary education scholarship grants (not Pell Grant) - expire after fifteen years.

The Compact does not by its terms place any expiration date on anything else FSM receives from the US under the Compact or PL 99-239 (The Compact Act). Thus, such things as immigration and work privileges, service in the US armed forces, attendance at the military academies, tax and trade benefits and technical assistance are designed to continue as long as the Compact remains in effect. Also, the considerable number of US federal programs that have been made available by the US Congress pursuant to Compact Section 224, such as FDIC, SBA, EDA, REA, JPTA, Job Corps, tourism and marine resources programs, Legal Services Corporation, Public Health Service, FmHA, Land Grant status for COM-FSM, Pell Grants, and others, continue.

The basic federal programs under Section 221 (Weather Service, FEMA, Postal, FAA, and CAB), as well as the special grants for health and education under Section 221(b), have no stated expiration date. However, the details of their operation are under a Related Agreement called the Federal Programs and Services Agreement which has a stated term of fifteen years. Renegotiation of that Agreement will proceed based on the

assumption that the underlying obligation of the US to provide those programs resides in the Compact language, and that FSM eligibility continues.

The right to continued use of CAT teams is similar. The Compact in Section 227 provides no time limit. The Military Use and Operating Rights Agreement which contains CAT team arrangements provides for a term of fifteen years "and thereafter as mutually agreed. " Here again, while the agreement will have to be renewed, the underlying eligibility continues.

This same analysis applies to Section 354, which says that the provisions of Title Three are "binding" for fifteen years "and thereafter as mutually agreed." This does not mean that the US defense rights expire after fifteen years, but merely establishes that the parties are bound and cannot terminate these provisions for fifteen years. It does mean, however, that Title Three will be up for renegotiation to make any changes the parties mutually agree to.

Thus, in literal terms, the only Compact entitlements of FSM's that expire are the Title Two grants listed above. Also, as mentioned, it will be necessary to renew and probably in some respects change the Federal Programs and Services Agreement, as well as some of the other Related Agreements, to account for the FSM's current circumstances.

Jim Stovall-JCNCounsel

Washington, November 5, 1997

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Last modified: July 10, 1998

Part 2 PRE-AWARD REQUIREMENTS
Section 70 WAIVER OF MATCHING REQUIREMENTS FOR THE VIRGIN ISLANDS, GUAM, AMERICAN SAMOA AND THE NORTHERN MARIANA ISLANDS

2-70-00 Background and Purpose
2-70-10 Scope
2-70-20 Guidance

2-70-00 BACKGROUND AND PURPOSE

A. One purpose of P.L. 95-134, commonly known as the Omnibus Territories Act of 1977, is to enable certain territories of the United States that receive numerous small assistance awards to make better use of that assistance by consolidating programs, and waiving small matching requirements. P.L. 95-134 has two independent waiver-of-match provisions. The one which applies to unconsolidated grants and cooperative agreements has been amended several times; most recently by P.L.98-454. This Section re-states it and provides guidance on its application.

B. P.L. 95-134 also contains a waiver of match provision for grants and cooperative agreements that are consolidated under its program consolidation authorities. There is no dollar limit on the amount that may be waived. SSA has elected to waive all matching requirements, regardless of dollar amount, when awards are consolidated under the authorities in the Act. This rule is stated in 45 CFR Part 97.16(b).

2-70-10 SCOPE

The guidance in 1-150-20 below applies to all SSA grants and cooperative agreements awarded to the governments of the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands except: (1) open-ended entitlement grants under various titles of the Social Security Act, (such as Medicaid, Aid to Families with Dependent Children, and Child Support Enforcement); and (2) grants or cooperative agreements which have been consolidated under separate program consolidation authorities in P.L. 95-134.

2-70-20 GUIDANCE

A. All matching provisions of grants and cooperative agreements subject to this section that would require the government of The Virgin Islands, Guam, American Samoa, or the Northern Mariana Islands to contribute up to $200,000 in cash and/or in-kind contributions (including third party in-kind contributions) must be waived - whether the government requests a waiver or not. This rule does not apply, and there will be no waiver of matching requirements, where the matching provision would require a contribution equaling or exceeding $200,000.

B. A statement concerning the waiver, and the authority for it (Section 501(d) of P.L. 95-134, as amended) shall be included on or with the notice of grant or cooperative agreement award.

C. Since the common understanding of the term "matching" includes cost-sharing (see 20 CFR Part 435.23), the waiver provision applies to cost-sharing as well.

D. Maintenance of effort and no-supplant provisions of program statutes are separate and distinct from matching requirements. Granting agencies are required to waive matching requirements, but not maintenance of effort or no-supplant provisions.

Part 3 POST-AWARD REQUIREMENTS
Section 05 RECIPIENTS WITH INADEQUATE EQUIPMENT MANAGEMENT

3-05-00 Introduction
3-05-10 Characteristics of an Adequate Equipment Management System
3-05-20 Investigation and Action
3-05-30 Remedies for Past and Present Violations

3-05-00 INTRODUCTION

A. If a recipient has an inadequate equipment management system, there is a risk that the recipient's claims for equipment costs will be inadequately documented, and that equipment will be acquired unnecessarily, insufficiently used, or poorly maintained or safeguarded.

B. The purpose of this section is to provide for
   (1) the identification of any recipient with an inadequate equipment management system,
   (2) negotiation with the recipient to correct the system deficiencies, and
   (3) safeguards to protect the Federal interest if the deficiencies are not corrected. However, the section does not govern action on deficiencies identified by audit.

C. This section includes a list of characteristics of an adequate equipment management system (Section 3-05-10). To a large extent, existing grant provisions require recipients to meet these or equivalent standards for some or all of their equipment. Where such requirements do not exist, this section does not authorize SSA to impose them. However, if a recipient is known not to have an adequate equipment management system, as described in this section, the section does intend that SSA act to safeguard the Federal interest, using whatever rights SSA does have in the circumstances. For example, SSA may deny approval of a projected equipment purchase or, in accordance with applicable procedures, may place special terms on future awards to the recipient.

D. This section applies to all SSA grants except block grants.

3-05-10 CHARACTERISTICS OF AN ADEQUATE EQUIPMENT MANAGEMENT SYSTEM

SSA considers that a recipient has an adequate equipment management system only if:

A. the recipient keeps records that adequately identify items of equipment owned or held by the recipient and state the current location of each item.

B. at least once every two years, the recipient's equipment is physically inventoried to verify that the items covered by the records exist and are either usable and needed or listed as surplus. A statistical sampling basis is acceptable. The recipient investigates any discrepancies between the physical inventory and its records to determine and correct the causes.

C. the recipient keeps equipment in good condition and has appropriate safeguards to prevent loss, damage, or theft.

D. before buying or renting equipment, the recipient follows a procedure to assure that the acquisition is cost-beneficial and that no equipment is available for use which makes the acquisition unnecessary.

3-05-20 INVESTIGATION AND ACTION

A. Except for problems identified by audit, when the Grants Management Officer(GMO) has reason to suspect that a recipient may have an inadequate equipment management system, the GMO shall investigate the matter further. The recipient may be requested to furnish more information or to include a survey of its equipment management system in its next non-Federal audit.

B. If the GMO concludes that the recipient does, in fact, have an inadequate equipment management system and SSA's interests may be adversely affected, the GMO shall attempt to reach agreement with the recipient on actions to correct the deficiencies. The GMO shall monitor the recipient to ensure that actions agreed upon are taken.

3-05-30 REMEDIES FOR PAST OR PRESENT VIOLATIONS

The imposition under this section of safeguards regarding future actions does not relieve SSA from its obligation to take appropriate actions to remedy past or present violations of grant terms regarding equipment. For example, SSA shall:

A. disallow costs of specific equipment items found to have been acquired unnecessarily by the recipient; and

B. collect funds that are due SSA for major items of equipment that the recipient purchased under an SSA grant but is no longer using for activities that have been Federally funded.

Part 3 POST-AWARD REQUIREMENTS
Section 10 MONITORING DISCRETIONARY GRANTS

3-10-00 General
3-10-10 Minimum Monitoring Duties
3-10-20 Monitoring Statements
3-10-30 Feedback and Coordination on Recommended Actions
3-10-40 Revision of Budget and Program Plans
3-10-50 Prior Approval
3-10-60 Grantee Responsibilities Regarding Personally Identifiable Information (PII)
X3-10-1 Grants Suspense Form
X3-10-2 Report Summary Form
X3-10-3 Request for Quarterly Reports
X3-10-4 Request for Final Financial Status Report for Budget Period
X3-10-5 Request for Final Reports
X3-10-6 Financial Status Report
X3-10-7 Contact Report
X3-10-8 Report(s) Transmittal Form
X3-10-9 Submission of Continuation Applications Under Project Period Grants
X3-10-10 Rebudgeting/Supplemental Funds Request Guide

3-10-00 GENERAL

A. The purpose of this section is to ensure that
   1. grant monitoring duties are clearly assigned to individuals,
   2. certain minimum monitoring actions are performed and documented, and
   3. appropriate follow-up action is taken on each such monitoring action.

B. This section is applicable to all discretionary grant programs.

C. This section should be read in conjunction with Sections 1-05 and 2-30.

3-10-10 MINIMUM MONITORING DUTIES

A. The individuals designated shall be responsible for performing the minimum monitoring actions listed below for

grants awarded under the program. Each action shall be performed by the type of individual indicated.

1. Checking to ensure receipt by the due date of financial, performance, or other reports required from the recipient. These reports are to be addressed to a GMO pursuant to 1-05-20.

2. Review of financial status reports -- GMO.

3. Review of performance reports -- Program Official.

4. Review for business and other nonprogrammatic concerns of
   (a) audit reports on an active grant or a grant not yet closed out,
   (b) site visits,
   (c) the report portions of continuation applications,
   (d) correspondence from recipients or third parties in which information on grant performance is provided, and
   (e) memoranda of telephone conversations with recipients or third parties in which information on grant performance is provided -- GMO.

5. Review for programmatic concerns of any of the items listed in 3-10-10A.4 above -- Program Official.

6. Recipient's acceptance and compliance with terms and conditions of the grant award -- GMO and Program Official;

7. Submission of continuation applications -- GMO;

8. Administrative actions initiated by the recipient and Grants Management Team may include, but are not limited to, the following:

   a. Recipient requests for carryover funds;
   b. Rebudgeting of grant funds;
   c. Extension of grant budget period;
   d. Change in project directors; and
   e. Grant closeout.

B. If an occasion for a monitoring action of any of the kinds listed in the preceding paragraph 3-10-10A arises, that action shall be performed and may not be omitted. For

example, if a report is required from a recipient, its receipt must be checked and, upon receipt, it must be reviewed. The action shall be performed as soon as reasonably possible after the due date, date of receipt, site visit, or other occasion. It should be noted that, in many cases, the same item will require separate monitoring reviews by two persons, a grants management official and a program official. In the case of a site visit, if either the grants management official or program official assigned to review the visit for concerns in his or her area did not participate in the visit, the official must base his or her review upon a report written by someone who did make the visit, or an interview with such a person.

C. GRANTS SUSPENSE SYSTEM

A grants suspense system has been developed to insure that required actions by grants and program staff and the recipient are performed in a timely manner. The system is an automated tracking device used to monitor actions to be performed by grants and program staff and recipients.

D. PROCEDURES

Upon issuance of a grant award, a grants suspense form (see attachment X3-10-1) is prepared to reflect all actions to be completed during the current grant period. It includes the following items:

1. Grant number;
2. Grant Specialist;
3. Program Official;
4. Recipient contacts;
5. Due Date;
6. Purpose of Action;
7. Comment.

A grants suspense form may also be prepared to monitor the processing of pending grant applications, e.g., submission of additional forms and information by the recipient, processing of grant applications, the preparation and issuance of disapproval letters, etc. The forms are filed in the grant files.

The grant file will be periodically reviewed to insure that the grants are monitored in a timely and efficient manner.

A Report Summary Form (see attachment X3-10-2) is prepared when a grant award (new or continuation) is issued which indicates the due date and receipt date of all reports required for the budget period as specified by the Notice of Grant Award. The grant file must contain a Report Summary Form for each budget period of the project period of a grant. The due dates of the reports (as they are established) are also recorded in the grants monitoring system under "Suspense Date," as well as pending actions affecting the operation and management of the grant.

E. QUARTERLY REPORTS

Recipients are notified of the grant reporting requirements (including the due dates) at the time of award.

If quarterly progress reports are required for the grant activity, a report must be submitted within 30 days of the end of each quarter including the last quarter of the budget period unless the activity will not be continued beyond the current budget period. The final progress report which is due within 90 days after the expiration of the project will serve to cover the last quarter of the reporting period. However, a quarterly report will be required for the last quarter of the budget period even though a continuation application has been submitted.

If quarterly financial status reports are required for the grant activity, reports must be submitted within 30 days of the end of each quarter except for the last quarter regardless of whether the activity may or may not be continued. Since a final report is due within 90 days after the end of each budget period, it is not necessary that a report be submitted for the fourth quarter.

When overdue reports are an issue, see GAM Section 3-15.

F. Final Budget Period Financial Status Report

A final Financial Status Report is required to be submitted within 90 days of the expiration date of a budget period. Although not required, recipients frequently submit a quarterly financial report with the progress report for the

last quarter of the budget period. This report may be processed as the final report if there are no unliquidated obligations reported and the report is considered by the recipient as the final report for the budget period.

If the report for the last quarter of the budget period is not acceptable, the recipient will be advised by telephone that a final report is due within 90 days of the expiration date of the budget period. The recipient will be advised of the exact submission date at that time. If the final report is not submitted by the due date, grants staff will contact the recipient to ascertain the reason for the delay and to obtain a revised submission date. If a revised submission date is provided by the recipient, the grant will be suspended for that date. If the report is not received, a letter will be sent to the recipient requesting that the report be submitted within a specified time (see attachment X3-10-5).

If the recipient is unable to provide a specific date for submission when contacted after the 90-day period, the grant file will be suspended for a 2-week period. If the report is not received, a letter will be sent to the recipient specifying a date for submission (not exceeding 15 days).

When overdue reports are an issue, see GAM Section 3-15.

G. Final Project Reports

The procedures for acquiring final reports are described in more detail in section 4-05, Grant Closeout Procedures. Briefly, these procedures require that a closeout letter be sent to the recipient 30 days prior to the expiration of the grant advising the recipient that the final reports are due within 90 days of the expiration date of the grant.

The same procedures for obtaining quarterly progress and final budget period financial reports will be employed for obtaining final project progress and financial reports.

When overdue reports are an issue, see GAM Section 3-15.

H. DOCUMENTATION

All actions taken on the grant file must be documented on a Contact Report (see attachment X3-10-7) except the receipt of the reports which are recorded on the Report Summary Form. The reports are forwarded to program staff via the Report(s) Transmittal Form (see attachment X3-10-8).

I. MONITORING THE SUBMISSION OF CONTINUATION APPLICATIONS

When a grant award is issued which has approved future years of support, the grants specialist will record the date on the grants suspense form that the recipient is to be notified when the continuation application is due.

The following procedures are to be employed to ensure the submission of continuation applications in a timely manner:

1. A letter containing an application kit for continuation of a grant activity will be sent to the responsible recipient official at least 4 1/2 months (135 days prior to the expiration of the current budget period (see attachment X3-10-9). A copy of the letter will also be sent to the program director at the recipient institution with an application enclosed. Additional copies of the letter will be sent to the respective Federal program official(s) and project officer. The grant file will be suspended to the due date of the application.

2. If an application for continuation has not been received by the date designated in the letter, Grants Management Staff will contact the program director at the recipient institution and remind him/her of the required submission date of the continuation application. The program director will be reminded of the urgency in submitting the application and advised that failure to submit the application in a timely manner will result in a delay of the processing of the application and issuance of a continuation grant award and may result in the postponement in consideration of funding during the current fiscal year.

3. Grants Management Staff will suspense the grant file for a period not exceeding 2 weeks for follow-up contact with the program director until the application is received. The grant file will be documented to reflect each contact.

J. SITE VISITS

Although site visits are an important part of the grant monitoring process, and are encouraged, visits to recipient organizations should be restricted to those instances where there is a specific reason to visit.

K. AUDITS

At present, SSA does not provide audit services for its grant programs as an aid in determining whether information is reliable, resources are safeguarded; funds have been expended in a manner consistent with related laws, regulations, and policies; resources have been managed economically and efficiently; and desired program results have been achieved.

Under current OMB policy, primary responsibility for audits of Federally-assisted programs rests with the recipients (as prescribed by OMB Circular A-133). However, the audits performed in accordance with the provisions of the circulars pertain primarily to the systems employed by the grant recipients as opposed to individual grant programs and, therefore, have little practical use to the awarding components for monitoring purposes. Federal audits may be performed by the SSA Office of the Inspector General(OIG) upon request, but are usually limited to those instances which involve fraud, abuse or waste. The audit staff, OAG Cost Analysis and Pricing Team, should be consulted when internal audits may be needed.

3-10-20 MONITORING STATEMENTS

A. A Contact Report should be used to document the results of grant monitoring actions. A sample Contact Report is included in Attachment X3-10-7.

B. An individual performing a monitoring action listed in 3-10-10A shall record his or her findings and recommendations on a contact report. With respect to a monitoring action of the kind listed in 3-10-10A, a form need not be completed if the action reveals no delinquency in reporting. In all other cases a form shall be completed regardless of the findings or recommendations.

C. If the individual performing the action concludes that further action or actions by the Federal Government are appropriate or required, he or she shall describe those actions with as much specificity as feasible. In addition, he or she shall also identify by name or title a single individual he or she believes should be responsible for each action. The individual may name himself or herself as the responsible person.

D. The original of the contact report shall be filed in the individual grant file for the grant monitored. If there are significant findings, a copy shall be distributed to any persons who are recommended to be responsible for taking action and to all persons who, it is reasonable to believe, should be informed of the findings or recommendations.

3-10-30 FEEDBACK AND COORDINATION ON RECOMMENDED ACTIONS

A. If an individual named as responsible for taking an action recommended in a contact report, or a subordinate assigned the action, materially disagrees as to who should be responsible for carrying it out, the individual or subordinate shall contact the person who completed the statement. The two shall attempt to reach agreement on the issues raised. In the event such agreement cannot be reached and the two persons are not in relation of superior and subordinate, normal procedures shall be followed to resolve the difference, including, if necessary submission to an official who is a common superior to both.

B. If the action originally recommended is not taken or is substantially altered, the person responsible for the action shall ensure that there is documentation in the grant file explaining the reason for the difference.

3-10-40 REVISION OF BUDGET AND PROGRAM PLANS

A. Policy

Recipients should be provided the maximum flexibility allowable to make changes in budgets and/or program plans

consistent with governing statutory, regulatory, and policy requirements.

Recipient organizations shall be asked to notify SSA prior to a "significant rebudgeting" or "significant cumulative rebudgeting" of awarded grant funds. Also see GAM 3-100-20 for related rebudgeting policy. Section X3-10-11 contains a Rebudgeting Guide to assist the recipient.

B. Process Requirements

1. SSA must comply with the time frame specified in 20 CFR 435.25 for responding to prior approval requests for recipients covered by those regulations, and must establish a comparable time frame for responding to prior approval requests from governmental organizations.

2. Although recipients are required to obtain advance approval before incurring costs or undertaking activities that require SSA prior approval, SSA can entertain a retroactive request and grant approval retroactively. Such a request must be examined on its merits, including whether the requested action is permissible under the governing statute, regulations, and policies (allowability) and, if applicable, whether it meets the cost principle tests of reasonableness and allocability.

   A request for retroactive approval should not be disapproved solely because of timing. The recipient may be asked to explain its failure to request the approval in advance and to indicate what steps it has taken (or plans to take) to prevent a recurrence in the future. However, if a recipient has a documented pattern of submitting requests after-the-fact, SSA may disapprove a request on that basis or may consider appropriate enforcement actions or remedies (see GAM 3-115: Termination and Enforcement).

   If approved, the letter sent to the recipient should clearly specify that this is an exception and that the recipient will be expected to obtain prior approval, when required, in the future.

3. SSA should ensure that recipients are reminded of their responsibilities under consortium arrangements

or when subgrants are involved, to obtain any required prior approval from the SSA before a consortium participant or subgrantee can undertake an activity or make a budget change requiring that approval.

4. SSA should encourage electronic submission of prior approval requests, including e-mail and facsimile, but must ensure that the response timeliness requirements are met and safeguards are in place to ensure the authenticity of the request. SSA responses may also be provided electronically subject to the same time frame for response as hard-copy responses. Copies of both incoming e-mail requests and e-mail responses must be filed in the official grant file.

3-10-50 PRIOR APPROVAL

Prior Approval GAM references relate to several topics, as noted below:

2-10-30: Subawards
3-10-40: Revision of Budgets and Program Plans
3-20-30: Use of Consultants
3-30-60: Incremental Funding and Use of Surplus Funding
3-60-00: Transfer of Work to Third Party
3-100-20: Change in Project Scope

3-10-60 GRANTEE RESPONSIBILITIES REGARDING PERSONALLY IDENTIFIABLE INFORMATION (PII)

The following award condition is to be included in all grants/cooperative agreements where any grantee employee and grantee subcontractor may be given access to Agency-furnished PII or may collect PII while carrying out project responsibilities.

1. *Definition of Personally Identifiable Information (PII).* SSA follows the definition of PII provided by the Office of Management and Budget in OMB Memorandum M-06-19: “Personally Identifiable Information means any information about an individual maintained by an agency, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and information which can be used to distinguish or trace an individual's identity, such as their name, social security number, date and place of birth, mother’s maiden name, biometric records, etc., including any other personal information which is linked or linkable to an individual.”

Other examples of PII may include: Social Security benefit data, date of birth, official State or government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, home address, and medical information. Within this clause, "PII" shall specifically mean PII as defined above that: (1) the Government has a primary responsibility for protecting under this grant/cooperative agreement and (2) is made available to the grantee and/or any grantee subcontractor, including their respective employees, in order to perform under this grant/cooperative agreement (e.g., under the grant/cooperative agreement, the Government directly furnishes PII to the grantee/grantee subcontractor, or the grantee/grantee subcontractor, on behalf of SSA, collects PII from outside sources, such as in a public survey).

2. *Applicability.* This award condition applies to all grantee employees and grantee subcontractors in either of the following two situations:

   (a) The grantee/grantee subcontractor is furnished PII by the Government under this Grant/Cooperative Agreement, or
   (b) The grantee/grantee subcontractor collects PII while carrying out project responsibilities under this Grant/Cooperative Agreement.

   Wherever grantee employees are referenced in this award condition it also applies to grantee subcontractors at any tier.

3. *Grantee Employee Responsibility in Safeguarding PII.*

   (a) General. The grantee shall take reasonable measures to ensure that its employees properly safeguard PII from loss, theft or inadvertent disclosure for PII either:
      1. furnished by the Government under this Grant/Cooperative Agreement, or
      2. collected while carrying out project responsibilities under this Grant/Cooperative Agreement

      The grantee shall make every reasonable effort to ensure that its employees understand that they are responsible for safeguarding this information at all times, regardless of whether or not the grantee employee is at his or her regular duty station. Examples of proper actions include, but are not limited to: not sharing one's password with others or writing it down, verifying the identity of individuals before disclosing information to them, preventing others in the area from viewing PII on one's computer screen, consistently locking or logging off one's workstation when one is away, and ensuring that PII is appropriately returned or upon Government permission,

destroyed when no longer needed. The applicable Federal records retention regulations provide guidance concerning this topic.

(b) Transporting Information Outside a Secure Area. The grantee shall take reasonable measures to ensure that its employees make every reasonable effort to safeguard equipment, files or documents containing PII when transporting information from a secure area. The grantee employee should ensure that laptops and other electronic devices/media are encrypted and/or password protected. The grantee employee must use common sense when transporting PII, e.g., storing files in a locked briefcase, not leaving files and/or equipment in plain view.

(c) Emailing PII. PII about an individual in electronic form must be protected to the extent that a paper record is protected under the Privacy Act of 1974.
Protected citizen and programmatic information may be transmitted via email for official business purposes only. The grantee shall make every reasonable effort to ensure that, when sending email containing PII (either in the body or in an attachment), its employees do so only by secure methods, which encrypt the message and comply with SSA policy and procedure.

In order to ensure security of the Agency's information, the Agency requires all employees to adhere to the following requirements:

- Sensitive data that is to be transmitted in either direction beyond the SSA Network, (i.e., external to the firewall) *must* be encrypted or otherwise protected as approved by SSA's Chief Information Security Officer (CISO).
- Media that contains sensitive data that is transported or stored off site *must* be encrypted or otherwise protected as approved by CISO. This includes but is not limited to PCs, PDAs, USB flash drives, CDs, DVDs, floppies or tapes containing sensitive information.
- Encryption-related information (such as keys) must be secured when unattended or not in use.

- Unauthorized decryption of encrypted information is strictly prohibited.

The encryption method employed must meet acceptable standards designated by the National Institute of Standards and Technology (NIST). The recommended encryption method to secure data in transport for use by SSA is the Advanced Encryption Standard (AES) or triple DES (DES3) if AES is unavailable. Those considering the use of other algorithms must submit them with a request for exception to the SSA Office of Systems Security Operations Management (OSSOM).

Email addresses not considered acceptably secure by SSA shall not contain PII in the body of the message or in an unencrypted attachment.

4. *Procedures for all grantee employees for reporting the loss or suspected loss of PII.*

The grantee shall make every reasonable effort to ensure that its employees working under this Grant/Cooperative Agreement follow the following procedures for reporting lost or possibly lost PII that was in their possession at the time:

(a) When a grantee employee becomes aware of the possible or suspected loss of PII, he/she shall have an employee of the awarded grantee organization provide immediate notification of the incident to the primary Government manager contact person specified by the SSA Grants Management Office. Examples of incidences indicating possible or suspected loss of PII include missing equipment (including laptops, and removable storage devices such as USB flash or “thumb” drives, CDs, DVDs, etc.) and/or paper documents potentially containing PII.

(b) If the primary Government manager is not readily available, the grantee employee shall immediately notify, depending upon availability, one of two Government alternates designated by the primary Government manager for reporting such incidents. Prior to commencing work on the Grant/Cooperative Agreement, each grantee employee shall know who the primary and alternate Government contacts are and how to contact them. Whenever the grantee employee removes PII from the Government facility or is collecting PII under this Grant/Cooperative Agreement away from the

Government facility, he/she must have current contact information for the primary Government manager and the two alternates.

	Name	Email Address	Phone Number
Primary Government Manager	Phyllis Y. Smith	Phyllis.Y.Smith@ssa.gov	410-965-9518
Alternate 1	Gary Stammer	Gary.Stammer@ssa.gov	410-965-9501
Alternate 2	Mary Biddle	Mary.Biddle@ssa.gov	410-965-9503

(c) The grantee employee shall provide updates as they become available to the primary Government manager or the alternate, as applicable, but shall not delay the initial report.

(d) The grantee employee shall provide complete and accurate information about the details of the possible PII loss to assist the Government manager/alternate. The grantee employee shall include the following information:

I. Contact information.
II. A description of the loss or suspected loss (i.e., nature of loss, scope, number of files or records, type of equipment or media, etc.) including the approximate time and location.
III. What safeguards were used, where applicable (e.g., locked briefcase, redacted personal information, password protected, encrypted, etc.).
IV. Which SSA components have been involved or affected.
V. Whether any external organizations (i.e., other agencies, law enforcement, press, etc.) have been contacted or contacted the grantee employee.
VI. Whether any other reports have been filed (i.e., Federal Protective Service, local police, and SSA reports).
VII. Any other pertinent information.

The grantee employee shall use the worksheet (or copy thereof), as amended, following this award condition to quickly gather and organize information about the incident.

(e) Once the grantee has notified the primary Government manager or his/her alternate, that manager or alternate will assume responsibility for making the formal report in accordance with Agency procedures.

(f) There may be rare instances outside of business hours when the Grant/Cooperative Agreement employee is unable to reach either the primary Government manager or any of the alternates immediately. In such a situation, the grantee employee shall call SSA's Network Customer Service Center (NCSC) at 410-965-7777 or toll free at 1-888-772-6111.

The grantee employee shall document the call with the CAPRS (Change, Asset, and Problem Reporting System) number that the NCSC will assign. He/she shall retain this number and provide it to the primary Government manager, or, if unavailable, one of the alternates to this manager as described above for later contacts with the NCSC when additional or updated information on the incident becomes available.

(g) The grantee employee shall limit disclosure of the information and details about an incident to only those with a need to know. The PII reporting process will ensure that Government's reporting requirements are met and that incident information is only shared as appropriate.

5. The grantee shall include this award condition in all resulting subcontracts whenever there is any indication that the subcontractor engaged by the grantee and their employees or successor subcontractor(s) and their employees will or might have access to PII furnished by the Government or collected while carrying out project responsibilities under this Grant/Cooperative Agreement.

6. The grantee shall ensure that its subcontractor(s) and their employees or any successor subcontractor(s) and their employees with access to PII furnished by the Government or collected while carrying out project responsibilities under this Grant/Cooperative Agreement know the rules of conduct in protecting and reporting the loss or suspected loss of PII as prescribed in this award condition.

7. *Confidentiality of Information*:
   a. Confidential information, as used in this award condition, means personally identifiable information or data of a personal nature about an individual, such as name, home address, and social security number, or proprietary information or data submitted by or

pertaining to an institution or organization, such as employee pay scales and indirect cost rates.

b. The grantee/grantee subcontractor must not disclose any confidential information, as defined in paragraph 7.a. of this award condition, without the prior written consent of the individual, institution, or organization.

8. For knowingly disclosing information in violation of the Privacy Act, the grantee and grantee employees may be subject to the criminal penalties as set forth in 5 U.S.C. Section 552(i)(1) to the same extent as employees of the Social Security Administration. For knowingly disclosing confidential information as described in section 1106 of the Social Security Act (42 U.S.C. 1306), the grantee and grantee employees may be subject to the criminal penalties as set forth in that provision.

9. The grantee shall ensure that each grantee employee with access to confidential information knows the prescribed rules of conduct, and that each grantee employee is aware that he/she may be subject to criminal penalties for violations of the Privacy Act and/or the Social Security Act.

10. Performance of this Grant/Cooperative Agreement may involve access to tax return information as defined in 26 U.S.C. Section 6103(b) of the Internal Revenue Code (IRC). All such information shall be confidential and may not be disclosed without the written permission of the Social Security Administration Grants Officer. For willfully disclosing confidential tax return information in violation of the IRC, the grantee and grantee employees may be subject to the criminal penalties set forth in 26 U.S.C. Section 7213.

11. The Government reserves the right to conduct on-site visits to review the grantee’s documentation and in-house procedures for protection of confidential information.

Attachment

Worksheet for Reporting Loss or Potential Loss of Personally Identifiable Information (PII)

Grantee Employees: See last page of this attachment for instructions on completing this worksheet.

1. Information about the individual making the report to the NCSC:

Name:					
Position:					
Deputy Commissioner Level Organization:		*[Grants Officer: fill in]*			
Phone Numbers:					
Work:		Cell:		Home/Other:	
Email Address:					
Check one of the following:					
Management Official		Security Officer		Non-Management	

Additional Information (to be provided when a grantee employee is reporting directly to the NCSC):

- **Grantee;**
- **SSA Grant/Cooperative Agreement Number (if known).**

2. Information about the data that was lost/stolen:

Describe what was lost or stolen (e.g., case file, MBR data):

Which element(s) of PII did the data contain?

Name		Bank Account Information	
SSN		Medical/Health Information	
Date of Birth		Benefit Payment Information	
Place of Birth		Mother's Maiden Name	
Address		Other (describe):	

Estimated volume of records involved:

3. How was the data physically stored, packaged and/or contained?

Paper or Electronic? (circle one):

If Electronic, what type of device?

Laptop		Tablet		Backup Tape		Blackberry	
Workstation		Server		CD/DVD		Blackberry Phone #	
Hard Drive		Floppy Disk		USB Drive			
Other (describe):							

Additional questions, if electronic:

	Yes	No	Not Sure
a. Was the device encrypted?			
b. Was the device password protected?			
c. If a laptop or tablet, was a VPN SmartCard lost?			
Cardholder's Name:			
Cardholder's SSA logon PIN:			
Hardware Make/Model:			
Hardware Serial Number:			

Additional questions, if paper:

	Yes	No	Not Sure
a. Was the information in a locked briefcase?			
b. Was the information in a locked cabinet or drawer?			
c. Was the information in a locked vehicle trunk?			
d. Was the information redacted (not personally identifiable)?			
e. Other circumstances:			

4. If the employee/grantee who was in possession of the data or to whom the data was assigned is not the person making the report to the NCSC (as listed in #1), information about the employee/grantee who was in possession/assigned:

Name:					
Position:					
Deputy Commissioner Level Organization:			*[Grants Officer: fill in]*		
Phone Numbers:					
Work:		Cell:		Home/Other:	
Email Address:					

Additional Information (to be provided when person who was in possession of the data or assigned to the data is a grantee employee):

- **Grantee;**
- **SSA Grant/Cooperative Agreement Number (if known).**

5. Circumstances of the loss:

a. When was it lost/stolen?

b. Brief description of how the loss/theft occurred:

c. When was it reported to an SSA management official (date and time)?

6. **Have any other SSA components been contacted? If so, who? (Include Deputy Commissioner-level, Agency-level, Regional/Associate-level component names)**

7. **Which reports have been filed? (include Federal Protective Service, local police, and SSA reports)**

Report Filed	Yes	No	Report Number
Federal Protective Service			
Local Police			

	Yes	No
SSA-3114 (Incident Alert)		
SSA-342 (Report of Survey)		
Other (describe):		

Attachment

INSTRUCTIONS (to the Grantee Employee): Worksheet for Reporting Loss or Potential Loss of Personally Identifiable Information

a. If you are reporting the incident to a Government manager or alternate, only complete Items 2 through 5. *Special notes regarding Item 4:*

i. For "Position," write "Grantee Employee," followed by a hyphen and your job title under the Grant/Cooperative Agreement.

ii. With respect to Deputy Commissioner Level Organization, this should be the Government project officer's Deputy Commissioner's Office and should already be provided on the form. If it is not (and you do not know this), have your primary or alternate contact, as applicable, complete the information.

iii. Be sure to provide the additional information regarding your company/organization's name and, if known, the Agency-assigned Grant/Cooperative Agreement number.

b. If you are reporting the incident directly to the NCSC, complete all items to the extent possible (note: Item 4 will be "not applicable"). *Special notes regarding Item 1:*

i. For "Position," write "Grantee Employee," followed by a hyphen and your job title under the Grant/Cooperative Agreement.

ii. With respect to Deputy Commissioner Level Organization, this should be the Government project officer's Deputy Commissioner's Office and should already be provided on the form. If it is not and you do not know this information, try to identify the name of the main program office which the Grant/Cooperative Agreement is servicing (e.g., Office of Employment Support Programs).

iii. Be sure to provide the additional information regarding your company/organization's name and, if known, the Agency-assigned Grant/Cooperative Agreement number.

Grants Suspense Form

SUSPENSE ACTIONS

Grants Management
Specialist _____ Grant No. _____

Federal Project
Manager _____ Phone _____

Recipient
Program Contact _____ Phone _____

Recipient
Fiscal Contact _____ Phone _____

DUE DATE	PURPOSE OF ACTION	COMMENT
	Acceptance of Terms/Conditions	
	Supplemental Information Due	
	Progress and Financial Status Reports	
	Progress and Financial Status Reports	
	Mail Continuation Application	
	Continuation Application Due	
	Progress and Financial Status Reports	
	Progress Report Due	
	Final FSR Due (___ Year)	

REPORT SUMMARY FORM

GRANT NO. _____

FINANCIAL STATUS REPORTS

	REPORT PERIOD	DUE	REC'D
1ST QUARTER			
2ND QUARTER			
3RD QUARTER			
4TH QUARTER (Not Required)			
FINAL (____ YEAR BUDGET PERIOD)			

PROGRESS REPORTS

	REPORT PERIOD	DUE	REC'D
1ST QUARTER			
2ND QUARTER			
3RD QUARTER			
4TH QUARTER (Not Required for Final Budget Period)			
FINAL PROGRESS REPORT			

Social Security Administration

QUARTERLY REPORTS

Refer to:

Reference Grant Number _____

Dear Mr../Dr../Ms. _____:

This is in reference to the grant awarded to your department/agency/ institution/organization entitled, "_____ _____."

A condition of the grant award requires that a quarterly progress and/or Financial Status Report (Standard Form 269) be submitted to this office within 30 days after the end of each quarter of the budget period. We have not received a/quarterly report(s) covering the period _____ through _____ which was/were due _____.

We are requesting that the/these report(s) be submitted to this office no later than _____ (15 days from date of letter).

If you need additional information or have any questions concerning this matter, please do not hesitate to contact Mr. Dave Allshouse, Grants Management Specialist, telephone (410) 965-9262/Mr. Gary Stammer, Grants Management Specialist, telephone (410) 965-9501/us.

Your cooperation in this matter will be appreciated.

Sincerely,

E. Joe Smith,
Grants Management Officer
Division of Operations Contracts and Grants
Office of Acquisition and Grants, ODCBFM
Social Security Administration
1-E-4 Gwynn Oak Building
7111 Security Blvd.
1st Floor Rear Entrance
Baltimore, Maryland 21244
Telephone (410) 965-9503

cc:
bcc:

Social Security Administration

FOLLOW-UP FOR FINAL FINANCIAL STATUS REPORT FOR BUDGET PERIOD

Refer to:

Reference Grant Number _____

Dear Mr./Dr./Ms.

This is in reference to the grant awarded to your department/agency/ institution/organization entitled,
"_____
_____."

On _____, we requested that a Financial Status Report be submitted for the budget period ending _____. We have not received this report and request that it be submitted to this office no later than _____ (15 days from date of letter).

Your cooperation in this matter will be appreciated.

Sincerely,

Phyllis Y. Smith,
Grants Management Officer
Division of Operations Contracts and Grants
Office of Acquisition and Grants,
Social Security Administration
Suite 100
7111 Security Blvd.
1st Floor Rear Entrance
Baltimore, Maryland 21244

cc:

bcc:

Social Security Administration

FOLLOW-UP FOR FINAL REPORTS

Refer to:
Reference Grant Number

Dear

This is in reference to the grant awarded to your department/agency/ institution/organization entitled "_____ _____."

On _____ we requested that a Financial Status Report (Standard Form 269) and/or final performance report be submitted to this office by _____. We have not received the/these report(s) and request that it/they be submitted to this office no later than _____ (15 days from date of letter).

Your cooperation in this matter will be appreciated.

Sincerely,

Phyllis Y. Smith,
Grants Management Officer
Division of Operations Contracts and Grants
Office of Acquisition and Grants,
Social Security Administration
Suite 100
7111 Security Blvd.
1st Floor Rear Entrance
Baltimore, Maryland 21244
Telephone (410) 965-9518

cc:

bcc:

FINANCIAL STATUS REPORT

(Short Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to which report is submitted	2. Federal Grant or Other Identifying Number Assigned By Federal Agency	OMB Approval No. **0348-0039**	Page of pages

3. Recipient Organization (Name and complete address, including ZIP code)

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report ☐ Yes ☐ No	7. Basis ☐ Cash ☐ Accrual

8. Funding/Grant Period *(See Instructions)* From: (Month, Day, Year)	To: (Month, Day, Year)	9. Covered by this Report From: (Month, Day, Year)	To: (Month, Day, Year)

10. Transactions:	I Previously Reported	II This Period	III Cumulative
a. Total outlays			
b. Recipient share of outlays			
c. Federal share of outlays			
d. Total unliquidated obligations			
e. Recipient share of unliquidated obligations			
f. Federal share of unliquidated obligations			
g. Total Federal share (*Sum of lines c and f*)			
h. Total Federal funds authorized for this funding period			
i. Unobligated balance of Federal funds *(Line h minus line g)*			

11. Indirect Expense	a. Type of Rate *(Place "X" in appropriate box)* ☐ Provisional ☐ Predetermined ☐ Final ☐ Fixed			
	b. Rate	c. Base	d. Total Amount	e. Federal Share

12. *Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.*

13. Certification: **I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.**

Typed or Printed Name and Title	Telephone (Area Code, number and extension)
Signature of Authorized Certifying Official	Date Report Submitted

FINANCIAL STATUS REPORT

(Short Form)

Please type or print legibly. The following general instructions explain how to use the form itself. You may need additional information to complete certain items correctly, or to decide whether a specific item is applicable to this award. Usually, such information will be found in the Federal agency's grant regulations or in the terms and conditions of the award. You may also contact the Federal agency directly.

Item	Entry
1, 2, and 3.	Self-explanatory.
4.	Enter the employer identification number assigned by the U.S. Internal Revenue Service.
5.	Space reserved for an account number or other identifying number assigned by the recipient.
6.	Check *yes* only if this is the last report for the period shown in item 8.
7.	Self-explanatory.
8.	Unless you have received other instructions from the awarding agency, enter the beginning and ending dates of the current funding period. If this is a multi-year program, the Federal agency might require cumulative reporting through consecutive funding periods. In that case, enter the beginning and ending dates of the grant period, and in the rest of these instructions, substitute the term "grant period" for "funding period."
9.	Self-explanatory.
10.	The purpose of columns, I, II, and III is to show the effect of this reporting period's transactions on cumulative financial status. The amounts entered in column I will normally be the same as those in column III of the previous report in *the same funding period.* If this is the first or only report of the funding period, leave columns I and II blank. If you need to adjust amounts entered on previous reports, footnote the column I entry on this report and attach an explanation.
10a.	Enter total program outlays less any rebates, refunds, or other credits. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct costs for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to sub-recipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions, contributions applied, and the net increase or decrease in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients and other payees, and other amounts becoming owed under programs for which no current services or performances are required, such as annuities, insurance claims, and other benefit payments.
10b.	Self-explanatory.
10c.	Self-explanatory.
10d.	Enter the amount of unliquidated obligations, including unliquidated obligations to subrecipients and contractors. Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an outlay has not yet been recorded. Do not include any amounts on line 10d that have been included on lines 10a, b or c. On the final report, line 10d must be zero.
10e, f, g, h and i.	Self-explanatory.
11a.	Self-explanatory.
11b.	Enter the indirect cost rate in effect during the reporting period.
11c.	Enter the amount of the base against which the rate was applied.
11d.	Enter the total amount of indirect costs charged during the report period.
11e.	Enter the Federal share of the amount in 11d.
Note:	If more than one rate was in effect during the period shown in item 8, attach a schedule showing the bases against which the different rates were applied, the respective rates, the calendar periods they were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

PAGE OF

CONTACT REPORT

CONTACT	DATE
ORGANIZATION	PHONE

SUBJECT

PREPARED BY

Social Security Administration

Refer to: S1HB2

Memorandum

Date:

From. Grants Management Officer
Division of Operations Contracts and Grants, OAG, ODCBFM

Subject: Report(s) Transmittal--INFORMATION/ACTION
Project Grant Number: _____
Title: _____

To: _____

/_/ Associate Commissioner,
Office of Employment Support Programs(OESP), DCDISP

/_/ Associate Commissioner,
Office of Disability(OD), DCDISP

/_/ Associate Commissioner,
Office of Research, Evaluation and Statistics(ORES), ODCP

Attached material, as indicated, is forwarded for your information and retention as appropriate:

REPORT	NO. OF COPIES	REPORT PERIOD
/_/ Grantee Quarterly Financial Status Report		
/_/ Grantee Final Financial Status Report		
/_/ Grantee Quarterly Progress Report *		
/_/ Grantee Final Progress Report		

*Please notify us of any communication you have with the grantee concerning this document.

E. Joe Smith

Attachment(s)

Social Security Administration

REQUEST FOR CONTINUATION APPLICATIONS

Refer To:

Reference Grant Number _____

Dear Mr./Dr./Ms.
This is in reference to the project grant entitled,
"_____
_____."

Support of this activity was initially approved for the ___ month period _____ through _____. The ___ month budget period for the grant expires _____.

If your institution/department/agency/organization intends to continue this activity for an additional ____ month period, it is necessary that the enclosed application for continuation be completed and submitted to this office no later than _____. Failure to submit the application in a timely manner will delay the processing of the application and issuance of the grant award.

If you have any questions concerning this matter, please contact Mr. Dave Allshouse, Grants Management Specialist, telephone (410) 965-9262.

Sincerely,

Phyllis Y. Smith,
Grants Management Officer
Division of Operations Contracts and Grants
Office of Acquisition and Grants,
Social Security Administration
Suite 100
7111 Security Blvd.
1st Floor Rear Entrance
Baltimore, Maryland 21244
Telephone (410) 965-9518

Enclosure
cc: Program Director (include application kit)

bcc:

BUDGET BREAKDOWN TO ACCOMPANY REQUEST FOR REBUDGETING OF FUNDS AND/OR SUPPLEMENTAL FUNDS REQUEST

The following is a suggested (not required) format related to any request you might have for a rebudgeting of funds and/or supplemental funds. It illustrates the kinds of budgetary information you would be asked to submit along with a letter providing a narrative justification for the request. If the rebudgeting or supplement funds request involves the transfer of funds into or out of the "Personnel" budget category, a revised page II.B of the SSA grant application (Form SSA-96-BK, Section G-Personnel) must be submitted.

EXAMPLE

REBUDGETING OF FUNDS - A grantee has found that a project can be better handled through use of employees than through contracting out certain activities. The approved project budget provides more than enough funds for contractual activities but not enough to cover the personnel-related costs proposed. Consequently, the grantee is requesting increases in the amounts to be spent for personnel, fringe benefits, travel, supplies, telephone, and postage. This would be balanced by comparable decreases in amounts for equipment and contractual obligations. The total project budget would remain.

SUPPLEMENTAL FUNDS - Also, the grantee has determined that $20,000 in additional (supplemental) funds is required to complete the project. Throughout the grant project, SSA has requested the grantee to perform additional tasks that were not originally scheduled or budgeted. The grantee was able to rebudget and use existing grant funds to handle most of the additional tasks; however, the remaining grant funds are insufficient. Based on the supplemental funds request, the total proposed Federal funds budget would be creased by $20,000.

(A) Federal Funds Budget Categories	(B) Current Approved Federal Funds	(C) Proposed **Rebudget of Grant Funds***	(D) Proposed **Supplemental Funds** Requested*	(E) Proposed Revised Federal Budget
Personnel	$120,000	$10,000	$15,000	$145,000
Fringe Benefits	12,000	1,000	1,500	14,500
Travel	6,000	1,500	1,700	9,200
Equipment	6,000	-1,000		5,000
Supplies	4,000	1,200	500	5,700
Contractual	40,000	-14,000		26,000
Other:				
Consultants	4,000			4,000
Telephone	1,500	500	500	2,500
Postage	500	800	500	1,800
Workshops	6,000		300	6,300
Total Direct Costs	$200,000	$ 0	$20,000	$220,000
Indirect Costs				
Total Approved Budget	$200,000	$ 0	$20,000	$220,000

***All increases/decreases must be fully explained/justified.**

Part 3 POST-AWARD REQUIREMENTS
Section 15 OVERDUE REPORTS - DISCRETIONARY GRANTS

3-15-00 Scope and Purpose
3-15-10 Actions on Overdue Reports
3-15-20 Waiver of Requirements and Extension of Due Dates
3-15-30 Additional Actions
3-15-40 Reminders to Recipients

3-15-00 SCOPE AND PURPOSE

This section applies to all discretionary grants that require the recipient to submit progress, financial, or other reports. It sets forth policies regarding the enforcement of reporting requirements. Its purpose is to ensure that when reports are overdue, SSA takes vigorous and effective actions to obtain them. At the same time, due concern for recipient rights and program needs shall be shown.

3-15-10 ACTION ON OVERDUE REPORTS

A. First Letter. If the report is not submitted within the initial 90 day period, the recipient should be contacted and a reasonable revised date established through a discussion with the recipient. If the recipient does not establish a reasonable revised date and the report is not submitted within two weeks, a letter will be sent specifying a revised due date not to exceed 15 days.

B. Second Letter. If neither the report nor an acceptable explanation for not submitting it is received from the recipient by the due date established in response to the initial letter or within 15 days of the date of the letter, a second letter shall promptly be sent to the recipient stating that the report must be received within 15 days. In this second letter, the recipient shall be warned that further failure to submit the report within the time provided may result in suspension or termination of the grant, if still active, withholding of any additional awards for the project, and possibly additional and even more severe enforcement actions.

C. Fund Cutoff. If neither the report nor an acceptable explanation is received within 15 days of the second letter, no additional funds shall be awarded for the

project while the report remains overdue and the grant, if still active, shall be suspended. The suspension notice shall set a final date by which the report must be received. If the report or an acceptable explanation is not received by that date, the suspension shall be converted into a termination.

D. Exception - Prompt Suspension or Termination. In exceptional cases, SSA may issue a notice of suspension or termination as soon as the report becomes overdue without sending the warning letters otherwise required by this section. This action should be taken only if failure to submit the report on time constitutes an extremely serious violation of grant terms or prompt suspension or termination is necessary to protect the public interest.

E. Waivers and Extensions. If at any time the recipient does provide an acceptable explanation why the overdue report cannot be submitted promptly, the reporting requirement should be waived or a new due date set (see 3-15-20). Further extensions of the due date should also be given, if justified. However, if without acceptable explanation, the recipient fails to submit a report once overdue by a new due date, the fund cutoff actions in 3-15-1OC shall be taken without the delay of further warning letters. Any letter setting a new due date shall warn the recipient of this and the possibility of additional or even more severe enforcement actions.

F. Additional Actions. The requirements of this section do not preclude additional actions, as explained in 3-15-30.

3-15-20 WAIVER OF REQUIREMENTS AND EXTENSION OF DUE DATES

When a report is overdue, the only acceptable reasons for waiving the reporting requirement or setting a new due date shall be that:

A. the report cannot be furnished in a timely manner for reasons legitimately beyond the control of the recipient; or
B. the purposes for which the report is to be used will be accomplished through other means.

The recipient shall be informed or reminded of this policy in the first letter sent when a report becomes overdue.

3-15-30 ADDITIONAL ACTIONS

In addition to the actions required by this section when a recipient is delinquent in submitting a report, other actions that may be appropriate should be considered, such as:

A. Withholding further grant payments before the grant is suspended pursuant to Paragraph 3-15-1OC.

B. Converting to the reimbursement method of paying the recipient.

C. Withholding any additional awards otherwise approved and pending for the specific project even before the suspension action required by 3-15-1OC is effected.

D. Making a site visit to determine whether the recipient is violating other terms of the grant or request the OAG audit staff to make a special audit of the recipient.

E. Notifying other SSA of the delinquency so that they may take precautionary measures in dealing with the recipient, and notifying them when the delinquency is corrected.

F. Awarding no discretionary grant funds while the report is overdue for all or some of the other eligible projects or activities conducted by the recipient organization.

G. Consulting with the Office of the General Counsel to consider legal action for recovery of the grant funds and other legal remedies that may be available. (This may be the only recourse available in the case of an overdue final report from an organization no longer receiving or applying for Federal support.)

3-15-40 REMINDERS TO RECIPIENTS

Reminders of due reports will be mailed to appropriate recipient officials a few weeks before a final budget period ends. This will prevent reporting delinquencies due to mere

oversight on the part of recipients and so reduce the need for the actions required or described in this section.

Part 3 POST-AWARD REQUIREMENTS
Section 20 USE OF CONSULTANTS

3-20-00 Purpose
3-20-10 Scope
3-20-20 Definition of Consultant
3-20-30 Prior Approval
3-20-40 Consulting Payments to Federal Employees
3-20-50 Consulting Fees Paid by Recipients and Subrecipients to Their Own Employees
3-20-60 Consultants' Reports
3-20-70 Documentation Standards

3-20-00 PURPOSE

A. This section sets forth basic policies on the use of individual consultants under SSA grants, and establishes a standard for documentation of consulting fees paid by recipients and subrecipients to individuals.

B. Reasonableness and allocability of consultant costs is to be determined in accordance with the applicable OMB cost principles. This section is not intended to cover that subject.

3-20-10 SCOPE

This section applies to all SSA discretionary grant programs. It applies only to the use of individual consultants by recipients and subrecipients and only when the consultant's fees are borne by an SSA grant or used to satisfy a non-Federal share requirement of an SSA grant. It does not apply to the use of consultants whose fees are treated as an indirect cost or to the procurement of consulting services from firms or organizations.

3-20-20 DEFINITION OF CONSULTANT

A. For purposes of this section, a consultant is an individual who is engaged personally to give professional advice or services, for a fee, but usually not as an employee of the party that engages him. The term includes paid guest lecturers (and other paid guest speakers).

B. Under this definition, it might happen in unusual situations that a person is at the same time a consultant and an employee of the same party. That is, for certain work he or she is salaried as an employee, while for other work, not as an employee, he or she receives a consulting fee from the same party. (See 3-20-50.)

3-20-30 PRIOR APPROVAL

In discretionary grant programs, applicants should be encouraged to anticipate their need for consultants and to indicate the proposed use of consultants in their grant applications. However, the use of consultants by a recipient under a discretionary grant shall not require SSA's prior approval unless the consulting arrangement constitutes a transfer of substantive programmatic work to a third party and such arrangement was not described in the application, nor funded in the approved award.

3-20-40 CONSULTING PAYMENTS TO FEDERAL EMPLOYEES

Consulting fees paid to a Federal employee may not be charged to an SSA grant or to a non-Federal share required by an SSA grant, except when all of the following conditions are present:

A. The Federal employees are medical personnel of the Uniformed Services of the United States (but are not Commissioned Officers of the Public Health Service) providing medical services within the scope of the approved grant-supported activity.

B. Adequate numbers of qualified civilian personnel are not available to provide these services, and eligible Federal medical personnel are hired only in addition to those qualified civilian medical personnel, if any, who are available.

C. The eligible Federal medical personnel hired as consultants have prior written statements from their commanding officers to the effect that they are authorized to work on the grant supported activity for pay, since that work will be performed outside their Federal duty

hours (or while on leave from Federal duty) and will not interfere with the performance of their Federal duties.

3-20-50 CONSULTING FEES PAID BY RECIPIENTS AND SUBRECIPIENTS TO THEIR OWN EMPLOYEES

A. Faculty members of colleges and universities: Charges representing extra compensation (above base salary) paid by an educational institution to a salaried member of its faculty for consulting work are allowable only in unusual cases, and only if both of the following conditions exist.

1. The consultation is across SSA lines or involves a separate or remote operation; and

2. The work performed by the consultant is in addition to his regular SSA load.

B. All other cases: In all other cases, consulting fees paid in addition to salary by recipients or subrecipients to people who are also their employees may be charged to SSA grants (or to a non-Federal share required by an SSA grant) only in unusual cases, and only if all of the following three conditions exist:

1. The policies of the recipient or subrecipient permit such consulting fee payments to its own employees regardless of whether Federal grant funds are involved;

2. The work involved is clearly outside the scope of the person's salaried employment; and

3. It would be inappropriate or not feasible to compensate for the additional work by paying additional salary to the employee.

C. Approval requirements: Consulting fees that are subject to paragraph A or B of this section must be specifically authorized in writing, on a case by case basis, by the head of the recipient or subrecipient organization or institution or their designated representative. If the designated representative is personally involved in the project or program under consideration, the authorization may be given only by the head of the recipient or subrecipient organization or institution. The

authorization must include a determination that the applicable required conditions are present.

3-20-60 CONSULTANTS' REPORTS

A. The variety of possible consulting arrangements is too great to permit hard and fast rules on submission of written reports by consultants. In some cases, such as guest lectures, a written report might serve little or no useful purpose. In other cases, the very reason for hiring the consultant might be to obtain his report.

B. In general, recipients and subrecipients should be encouraged to obtain written reports from the consultant except when, in their judgment, a report is not feasible or would probably not be useful. However, under a discretionary grant, if the consultation constitutes a transfer of project activities, SSA may require the recipient to obtain a written report from the consultant as a condition of its approval pursuant to Section 3-60.

3-20-70 DOCUMENTATION STANDARDS

A. Charges for consulting payments must be supported in the recipient's or subrecipient's records by an invoice from the consultant and a copy of the written report, if any, received from the consultant.

B. Any of the following information that is not shown by the invoice and/or report from the consultant must be shown in a memorandum or other document prepared by the recipient or subrecipient for its files, or noted in handwriting on the invoice by the recipient or subrecipient. The memorandum, other document, or handwritten notation must be signed by an official of the recipient or subrecipient and include:

1. The name of the consultant;

2. The nature of the services rendered (such as statistical analysis of data, participation on project advisory committee, or specified medical services to eligible beneficiaries);

3. The relevance of the services to the grant-assisted project or program, if not apparent from the nature of the services; and

4. Whichever of the following is applicable:

   (a) (if the fee was based on a rate per day or hours worked) the rate and the actual dates and/or hours worked;

   (b) (if the fee was based on a rate per unit of service rendered, such as number of patients treated by a physician) the rate, the number of units of service rendered, and the beginning and ending dates of the overall period of service; or

   (c) (if the fee was determined on some other basis) the basis for determining the fee and the beginning and ending dates of the period in which services were rendered.

Part 3 POST-AWARD REQUIREMENTS
Section 25 ASSIGNMENT OF GRANT PAYMENTS TO FINANCIAL INSTITUTIONS

3-25-00 Purpose
3-25-10 Background
3-25-20 Scope
3-25-30 Policy
3-25-40 Conditions of Assignment of Grant Payments
3-25-50 Guidelines for Accomplishing Assignment
X3-25-1 Notice of Assignment of Grant Payments
X3-25-2 Acknowledgement

3-25-00 PURPOSE

The purpose of this Section is to prescribe SSA policies relating to the recipient's assignment of grant payments to financial institutions of money due, or to become due, under SSA grants.

3-25-10 BACKGROUND

A. Recipients require working capital in order to pay their employees, subcontractors, vendors, and other creditors during the performance of a project. The amount of working capital needed for these purposes is determined to a large degree by the method used by the Government to pay the recipient. In programs that permit advance payments to recipients the working capital requirement is low. However, when payments are made after incurrence of costs, recipients are required to provide the working capital needed.

B. The Assignment of Claims Act of 1940 permits contractors to assign claims on Government contracts to financing institutions as collateral for loans.

C. The Comptroller General has determined that the acceptance of a grant of Federal funds which is subject to conditions that must be met by the recipient creates a valid contract between the grantor and the recipient.

3-25-20 Scope

This Section applies to all discretionary grants where payment is made to the recipient after incurrence of costs. It does not apply where the method of payment is by means of a Letter of Credit or other advance payment mechanism.

3-25-30 POLICY

It is the policy of SSA to permit recipients to assign to a financial institution the payments due them under applicable grant awards when such an assignment is necessary to finance the costs of the grant project.

3-25-40 CONDITIONS FOR ASSIGNMENT OF GRANT PAYMENTS

A. Moneys due or to become due from SSA under the terms of a grant may be assigned under the following conditions:

1. The grant provides for payments aggregating $l,000 or more;

2. The payments are assigned to a bank, trust company or other financing institution, including any Federal lending agency;

3. The program legislation does not forbid assignment;

4. Any assignment made by a recipient shall cover all amounts payable under the grant and not already paid and shall not be subject to further assignment except that any assignment may be made to one party acting as agent or trustee for two or more parties who are participating in the financing;

5. In the event of any assignment the assignee shall file written notice of grant payments together with a true copy of the instrument of assignment with SSA; and

6. Any interest charges resulting from loans obtained on the basis of the assignment shall be borne by the recipient and shall not become a direct or indirect claim against Federal funds.

B. Recipients desiring to exercise the assignment privilege shall contact SSA for instructions to be followed and the

language of documents to be used by the recipient and the assignee to accomplish the assignment

3-25-50 GUIDELINES FOR ACCOMPLISHING ASSIGNMENT

A. If a request is received from a recipient for guidance on exercising its assignment of grant payment privilege, SSA should notify the recipient that three actions are required to effect an assignment of grant payments.

   1. A Notice of Assignment of Grant Payments must be executed by the assignee and furnished to SSA (See Exhibit X3-25-1 for suggested language).

   2. When the executed Notice of Assignment of Grant Payments is received by SSA and determined to be in proper order, SSA shall acknowledge receipt of the Notice (See Exhibit X3-25-2 for suggested language) and return the Notice of Assignment to the assignee.

   3. Where further payments to the recipient are pending under the grant and the original assignment has been satisfied, the assignee must furnish SSA with a release statement to stop the assignment action. This release should include the date of release; grant number and date; name and address of the recipient; title of the grant, and a statement executed by the assignee releasing the recipient from the obligation generated by the assignment.

Contact SSA's Office of Finance, Division of Central Accounting Operations for further information concerning the guidelines and procedures for assigning payments.

NOTICE OF ASSIGNMENT OF GRANT PAYMENTS

DATE:_____

TO: (Address to the Office making grant payments for SSA)

This has reference to Grant No_____ dated_____ entered into between (recipient's name and address) and (the Social Security Administration, name of office, and address), for (describe nature of the grant). PLEASE TAKE NOTICE that moneys due or to become due under the grant described above have been assigned to the undersigned pursuant to the provisions of the Assignment of Claims Act of 1940, as amended, (31 U.S.C. 203, 41 U.S.C.). A true copy of the instrument of assignment executed by the recipient on _____(Date)_____ is attached to the original hereof. Payments due or to become due after assignment should be made to the undersigned assignee. Please return to the undersigned the three enclosed copies of this notice with appropriate notations signifying receipt of the Notice on behalf of the addressee and showing the date and hour of receipt.

Sincerely,

_____
(Typed name of assignee)

By_____
(Signature of signing officer)

Title_____

_____
(Mailing address of assignee)

ACKNOWLEDGEMENT

Receipt of the above notice is hereby acknowledged, along with a copy of the above mentioned instrument of assignment. These were received at _____a. m. (p. m.) on _____, 20___.

_____
(Signature)

_____
(Title)

On behalf of _____
(Name of addressee of this notice)

Part 3 POST-AWARD REQUIREMENTS
Section 30 DISCRETIONARY GRANT FUNDING

3-30-00 Summary
3-30-10 Scope
3-30-20 Definitions
3-30-30 Full vs. Incremental Funding
3-30-40 Incremental Funding - Project Periods and Frequency of Competition
3-30-50 Incremental Funding - Length of Budget Periods
3-30-60 Incremental Funding - Procedures
3-30-70 Incremental Funding - Withholding of Continuations
3-30-80 Exceptions for No-Cost and Low-Cost Extensions

3-30-00 SUMMARY

A. This section establishes rules for funding SSA-assisted projects either through a single grant award or incrementally by a series of consecutive awards.

B. In general, short-term activities are funded by a single grant award covering the entire period of time for which assistance is approved. In contrast, multi-year nonconstruction projects are funded in more or less annual increments called budget periods.

C. Although funded annually, most multi-year projects do not have to recompete each year. On the contrary, at the outset, SSA may approve a project for a project period of more than a year (typically 2 to 5 years), and the continuations within that period are awarded without further competition. This feature, competing only once for a multi-year period of support, avoids the expense and uncertainty of competing annually, and permits the recipient and SSA to plan for future years reliably. But the incremental nature of the funding preserves the ability of SSA to discontinue support at points during the project period if the Government's interest requires it, and complies with the general Congressional intention that

a one-year appropriation not support activities that may take place years later.

D. The procedures for incremental funding are essentially independent of the frequency of competition. For example, a five-year project would normally be funded in five budget periods, with carry-over of balances from year to year, whether the project competes only once (at the beginning) or more often, even annually.

3-30-10 SCOPE

This section is applicable to all discretionary grants awarded by SSA.

3-30-20 DEFINITIONS

Budget Periods - The intervals of time into which a multi-year period of assistance (project period) is divided for budgetary and funding purposes. Budget periods are usually 12 months long, but may be shorter or longer, if appropriate.

Continuation - An award which adds funds to the grant and extends the grant period, to support a budget period after the first. There are two basic kinds of continuations:

1) Noncompeting - A continuation for a budget period that is within the currently established project period. These are noncompeting because they do not extend the project period by one or more budget periods.

2) Competing - A continuation for a budget period that is beyond the currently established project period. These are competing because they add one or more budget periods to the project period. (Sometimes referred to as competing renewals.)

Grant Period - The period of time for which funds have been awarded: in incrementally funded projects this means from the beginning date of the project period to the expiration date of the most recently funded budget period.

Project - The identified activity approved by SSA for support.

Project Period - The total time stated in the Notice of Grant Award (including any amendments) for which Federal support is recommended. The period may consist of one or more budget periods. It does not constitute a commitment by the Federal Government to fund the entire period.

3-30-30 FULL VS. INCREMENTAL FUNDING

A. Full Funding By A Single Award
A single award covering the entire period of time for which SSA grant support is to be provided may be used only if:

1. The project is exclusively for construction, alterations or renovations, or acquisition of property;

2. At the time of award, the total period of SSA support for the project is planned to be less than 18 months; or

3. This method of funding is explicitly sanctioned by Congress, as evidenced by pertinent statutory language or legislative history, or by a documented agreement with the appropriate Congressional committees or subcommittees; or

4. This method of funding has been approved in writing as provided in 3-30-50C.

B. Incremental Funding
Except as provided in the preceding paragraph, multi-year projects (i.e., 18 months or more) shall be funded in increments, called budget periods. (See Section 3-30-50 for length of budget periods.) The grant initially covers only the first budget period. At the end of each budget period, the next budget period (if any) is funded by a continuation award, which adds funds to the grant and extends the grant period.

3-30-40 INCREMENTAL FUNDING - PROJECT PERIODS AND FREQUENCY OF COMPETITION

A. Principles
In setting the length of the project period, SSA shall consider not only the total length of time for which grant support is requested, but also the frequency of competitive review considered necessary. Therefore, the length of the project period may be less than the time required to complete the project or the duration of support requested by the applicant. Recompetition should usually be required at 2 to 5 year intervals, but may be required annually if there is a compelling reason to do so. Except as explained in 3-30-80, no project may be supported for longer than five years without recompetition.

B. Application of the principles -- competing vs. noncompeting continuations
The following examples illustrate how the project period and the frequency of competition relate to each other, and how that relation is reflected in the use of competing and noncompeting continuations:

1. Assume a five-year project which, at the outset, SSA decides should recompete after two years. To reflect that decision, the grant initially would stipulate a project period of two years. The second year would be funded by a noncompeting continuation, with no change to the project period. Before the end of the first two

years, the recipient submits a competing continuation application requesting funding for the third year and extension of the project period by three years. If that application is successful, the continuation award for the third year would extend the project period making an extended project period totaling five years. As a result, the fourth and fifth years would be funded by noncompeting continuations.

2. Assume SSA decides that the five-year project should compete annually. In this case, there would be no noncompeting continuations. The project period is the same as the grant period and initially would be only one year long. After each successful annual competition, a continuation award for the upcoming year would extend the grant period by one year.

3-30-50 INCREMENTAL FUNDING--LENGTH OF BUDGET PERIODS

A. Budget periods shall be 12 months long, except that:

1. The first budget period may vary from 12 months in order to end on, and cause succeeding budget periods to end on, an advantageous date, such as the end of the recipient's fiscal year.

2. An intermediate budget period may vary from 12 months if a change in the recipient's fiscal year or some other extra-ordinary change in the recipient's status or operations makes a change in the beginning and ending dates of budget periods advantageous.

3. The final budget period will vary from 12 months if the project period, less any other nonstandard budget periods, as in 1. and 2. above, is not evenly divisible by 12. (If the final budget period would be less than 6 months, consideration should be given to combining it with the previous 12 month period.)

4. Any budget period may vary from 12 months when necessary to allow SSA to evenly distribute its awards throughout the Federal fiscal year.

B. The mere availability of funds does not constitute an acceptable reason for funding a budget period longer than 12 months.

C. If a budget period is to vary from 12 months, it may be longer or shorter, but may not be 18 months or more (exclusive of no-cost extensions) without the written approval of the ACOAG or his or her designee. However, no grant budget period of 18 months or more shall be approved except when:

1. There is a Congressional budget justification and/or a clear expression of Congressional intent that such long term funding, should be approved; or

2. The only alternative schedule of budget periods would result in an initial budget period too short to permit adequate programmatic review of the recipient's performance prior to awarding the second budget period. For example, if the first budget period would need to be eight months in order to secure a particularly advantageous anniversary date, but the project is such that progress could not be meaningfully judged when the continuation application would be due, then an initial budget period of 20 months may be approved;

3. There is a clear and compelling programmatic or administrative necessity.

3-30-60 INCREMENTAL FUNDING PROCEDURES

A. New Projects

1. A new application is submitted which includes a budget for the first budget period and anticipated total needs for each of the succeeding budget periods of the requested project period. Except as provided by Section 2-50-80, the application competes against other new applications, competing continuations, and any supplemental applications that request support for additional activities. If the application is approved, a grant is awarded in an amount estimated to be the Federal share of costs for the first budget period. The expiration date of the grant shall be the end of the first budget period.

2. The award of the grant shall be considered a notification of SSA's provisional intent to support the project, without recompetition, for the duration of the project period stated in the notice of grant award (see 3-30-40) but creates no legal obligation to do so (see 3-30-70). SSA's commitment to extend the grant period with continuation awards shall be clearly conditioned upon the availability of funds, satisfactory progress by the recipient, and SSA's determination that continued funding is in the best interest of the Government.

B. Continuation Applications

1. Before the end of each budget period, SSA solicits and the recipient submits a continuation application for the upcoming budget period.

2. The continuation application is noncompeting if the upcoming budget period is within the currently established project period.

3. If the upcoming budget period is beyond the currently established project period, and the continuation

application is used by the recipient to request an extension of the project period by one or more budget periods, the application competes for approval. It competes against new applications, other competing continuation applications, and any supplemental applications which request funds for additional activities.

4. Each continuation application, whether or not competing, includes the recipient's estimate of the unobligated balance it expects to remain in the grant at the end of the current budget period.

C. Continuation Awards

1. Each continuation award adds to the grant an amount equal to the Federal Total Approved Budget for the upcoming budget period, less the estimated unobligated balance that the GMO expects to remain in the grant at the end of the current budget period. (In some cases, of course, the estimated unobligated balance will be zero.) The amount awarded by a continuation is subject to later adjustment for under or over funding, as described in paragraph E, below.

2. Each continuation award (whether or not competing) extends the grant period through the end of the upcoming budget period. If the upcoming budget period is beyond the currently established project period, the continuation award also extends the project period by one or more budget periods.

D. Carryovers
The unobligated balance of the grant at the end of each budget period is retained (carried over) by the recipient in the next budget period, provided a continuation extends the grant period to include that next budget period.

E. Adjustments for Under or Over Funding

1. Determination of Under or Over Funding

As a general rule, for each budget period after the first, the sum of the continuation award for the current budget period (see 3-30-60C.1) and the actual unobligated balance carried over from the preceding budget period (see 3-30-60D) should equal the Federal share of the current period's approved budget. Usually, at the time a continuation application is awarded, a "final" Financial Status Report for the preceding budget period is not available. Therefore, the actual carryover is not yet known, and can only be estimated. If the actual carryover turns out to be smaller or larger than was estimated, the Federal grant funds available to the recipient for the current budget period do not equal the Federal share of the approved budget. Promptly after the recipient reports its unobligated balance from the preceding budget period, the GMO must determine whether there has been an over or under funding:

(a) if the actual carryover is less than was estimated, the current budget period has been under funded.

(b) if the actual carryover is greater than was estimated, the current budget period has been over funded.

2. Under Funding
If the actual carryover is less than was estimated, the GMO must promptly correspond with the grantee concerning submission and approval of a revised budget, prior to issuing a revised notice of grant award which adjusts the amount of carryover to the actual unobligated balance to eliminate the under funding.

3. Over Funding
If the actual carryover is greater than was estimated, the recipient may not use the surplus in the current budget period without the express permission of SSA. The GMO must take one or a combination of the following three actions.

(a) resolve the funding matter by issuing a revised notice of grant award which increases the approved budget or the Federal share of the approved budget, as appropriate; or

(b) resolve the funding matter by issuing a revised notice of grant award which decreases the grant; or

(c) specifically notify the recipient in writing that the recipient may not use the surplus in the current budget period without specific written prior approval from SSA, contingent upon submission of a revised budget.

F. Grant Numbers
Except as provided in Section G, below, all awards in support of the project (including continuations and supplements) shall have the same grant number.

G. Carryover of Balances
Since grant funds are paid by SSA, a balance from one budget period will potentially be carried forward into the following budget period.

H. Reserving Funds for Continuation Awards in Special Cases
If funds are awarded early in the Federal fiscal year for a budget period of less than 12 months, it may be necessary to use the same annual appropriation when making the next continuation. In this situation, it is necessary to reserve funds from that appropriation for the prospective continuation.

3-30-70 INCREMENTAL FUNDING - WITHHOLDING OF CONTINUATIONS

It is important to distinguish clearly between:
(1) stopping support of a project by not extending the grant period with continuation awards, and
(2) termination of a grant.

A grant gives the recipient legal authority to obligate the funds awarded. Unless the recipient consents, the Government may cut short that right only if the recipient has materially violated the grant's terms. Consequently, SSA should give recipients an opportunity to appeal decisions to terminate a grant for violation of its terms. Except where required by statute, recipients have no comparable right to formal appeal when a continuation is denied. This is because neither the approval of a project period nor the award of a grant gives the recipient any legal entitlement to receive additional awards. SSA's commitment to fund the project in succeeding budget periods of the project period is subject to the conditions listed in 3-30-60A.2.

3-30-80 EXCEPTIONS FOR NO-COST AND LOW-COST EXTENSIONS

If support for a project is ending, the Grants Management Officer may noncompetitively extend the project period for a limited time, to complete the activity or to provide for an orderly phase-out of Federal support where a continuation award within a project period is denied. The GMO may also extend any budget period for a few months for administrative reasons. If such an extension is given, either with no additional funds or with only a small amount of funds, such extensions should not exceed twelve(12) months beyond the ending date of the final budget period, either individually or in the aggregate. Unobligated funds, if any, from a prior budget period, may be used to fund the extension. However, the fact that there is an unobligated balance remaining at the end of the project is not sufficient justification for extending the grant.

Generally, such extensions are requested to complete the work of the grant and/or close out grant activities or complete final reports. To meet the definition of a "No Additional Cost Extension", no new work may begin during the final budget period(period of extension). The grantee shall identify the goals and objectives or specific work activities of the original award which have not been met and for which the extension is requested.

Review Requirement:
A "No Additional Cost Extension" application shall be reviewed by the Grants Management Officer/Grants Management Specialist and program staff to evaluate the recipient's performance and remaining work to be performed.

If any no cost/low cost extensions exist in conformance with this section, they shall not be considered in conflict with sections 3-30-30A, 3-30-40A, 3-30-50C.

Part 3 POST-AWARD REQUIREMENTS
Section 35 RESOLUTION OF AUDIT FINDINGS

3-35-00 Purpose
3-35-10 Scope
3-35-20 Policy
3-35-30 Definitions
3-35-40 Responsibilities of Management Officials
3-35-50 Action Requirements
3-35-60 Audit Findings
3-35-70 Audit Findings Follow-up
3-35-80 Audit and Evaluation Resolution

3-35-00 PURPOSE

The principal objectives of this section are:

A. To strengthen the procedures for resolution of audit findings and corrective actions stemming from recommendations contained in audit reports issued by SSA's Office of Inspector General, independent audit organizations, and the Government Accounting Office(GAO).

B. To emphasize the importance of monitoring the implementation of resolved audit recommendations in order to ensure that promised corrective action is actually taken.

3-35-10 SCOPE

This section applies to all audit findings on SSA grantees.

3-35-20 POLICY

Corrective action taken by recipients in response to audit findings, and recommendations is essential to improving the effectiveness and efficiency of SSA operations. SSA should have in place procedures to assure the prompt and proper

resolution and implementation of audit recommendations. These procedures should provide for a complete record of action taken on both monetary and non-monetary findings.

3-35-30 DEFINITIONS

Audit Findings - Audit findings often have been regarded as containing the elements of criteria, condition, and effect, plus cause when problems are found. However, the elements needed for a finding depend entirely on the objectives of the audit.

Criteria are the standards used to determine whether a program meets or exceeds expectations.
Condition is a situation that exists and is documented during the audit.
Effect has two meanings, which depend on the audit objectives. When the auditors' objectives include identifying consequences of a condition that varies from the criteria identified in the audit, "effect" is a measure of those consequences. When the auditors' objectives include estimating the extent to which a program has caused changes in physical, social, or economic conditions, "effect" is a measure of the impact achieved by the program.
Cause also has two meanings, which depend on the audit objectives. When explaining why performance determined in the audit happened, the reasons for that performance are referred to as "cause." When the auditors' objectives include estimating the program's effect on changes in physical, social, or economic conditions, they seek evidence of the extent to which the program itself is the "cause" of those changes.

Corrective Action - measures taken to resolve audit findings and recommendations.

Disallowed Costs - incurred costs questioned by the audit organization, where SSA management has agreed the costs should not be charged to the Government.

Resolution - For most audits, the point at which the audit organization and SSA management or grants management officials agree on action to be taken on reported findings and recommendations; or, in the event of disagreement, the point at which the appropriate audit resolution official, as explained in section 3-35-70, determines the matter to be resolved. A report may be considered resolved despite the right of persons outside SSA to negotiate, appeal, or litigate. Resolution of a report with respect to parties outside the Government does not preclude further consideration of issues mentioned in a report by SSA management.

3-35-40 RESPONSIBILITIES OF MANAGEMENT OFFICIALS

The SSA Office of Inspector General(OIG) is responsible for receiving and analyzing audit reports, providing timely responses to the audit organization, and taking corrective action, where appropriate. The OIG may ask the Grants Management Team(GMT) for feedback and recommendations regarding controls required to resolve findings. Where management officials disagree with an audit recommendation, the matter should be resolved by the appropriate audit resolution official, as explained in section 3-35-70.

3-35-50 ACTION REQUIREMENTS

Follow-up Systems - The Grants Management Team is to follow-up with the Office of Inspector General/Office of Audit(OIG/OA) on audits with findings.

3-35-60 AUDIT FINDINGS

The auditor reports audit findings in a schedule of findings and questioned costs as explained in OMB Circular A-133.

3-35-70 AUDIT FINDINGS FOLLOW-UP

GMT involvement in the audit resolution process is limited. The recipient will be dealing with the auditor regarding specific findings. The recipient is responsible for follow-up and corrective action on all audit findings. GMT should be in contact with the OIG when follow-up to serious audit findings might affect a recipient's ability to complete award objectives.

3-35-80 AUDIT AND EVALUATION RESOLUTION

The Office of Audit (OA) has been designated as the central point within the SSA Office of Inspector General (OIG) where information concerning the status of resolution of all audit/evaluation reports is maintained.

Requirements for audit/evaluation resolution are included in the Comptroller General's publication, Government Auditing Standards and in OMB Circular A-50. The OIG Manual System - Part 6, OIG Policies and Procedures Manual, OA Chapter 19 states that SSA's audit resolution official is the Principal Deputy Commissioner. The Deputy Commissioner for Budget, Finance, and Management(DCBFM) is the Chief Financial Officer and the individual responsible for resolving all audits with financial implications. The OA audit resolution official provides technical services, as designated by the Assistant Inspector General for Audit(AIGA), when needed. When disagreements over recommendations exist after a draft report has been issued, a conciliatory meeting may be held between OA and Management Analysis and Audit Program Support System(MAAPSS) in an effort to agree on final recommendations.

Follow-up audits provide for periodic analysis of audit recommendations, resolution, and corrective action, in accordance with OMB Circular A-50.

Part 3 POST-AWARD REQUIREMENTS
Section 40 INTERGOVERNMENTAL REVIEW OF FEDERAL PROGRAMS UNDER EXECUTIVE ORDER 12372

3-40-00 Purpose
3-40-10 Scope
3-40-20 Background
3-40-30 The State Process
3-40-40 Notification - New and Competing Continuation Awards
3-40-50 Notification - Non-Competing Continuation Awards
3-40-60 Applicant Compliance
3-40-70 State Process Recommendations and the "Accommodate or Explain" Requirement
3-40-80 Unusual Circumstances and Waivers
3-40-90 Other Consultation
3-40-100 Determining Whether A Program Is Covered or Excluded
3-40-110 State Plans
3-40-120 Recordkeeping
X3-40-1 Executive Order 12372

3-40-00 PURPOSE

This section sets forth responsibilities and procedures for SSA implementation of Executive Order 12372, "Intergovernmental Review of Federal Programs."

3-40-10 SCOPE

This section applies to all SSA financial assistance programs covered by Executive Order 12372 (see Exhibit X3-40-1). Changes and additions of covered and excluded programs are announced in the Federal Register as necessary. Applications from federally recognized Indian-tribal governments are not subject to this section's requirements even if the program under which they are submitted/awarded is covered.

3-40-20 BACKGROUND

Executive Order 12372, "Intergovernmental Review of Federal Programs," signed by the President on July 14, 1982, replaced the Intergovernmental Review System established by OMB Circular A-95. The old system under OMB Circular A-95 required State and local governments to follow prescribed review procedures and to review specified Federal programs. The system also required review of Federal programs by State and local agencies without regard to the priorities of their elected leadership. The A-95 process became highly bureaucratic and burdensome. Under Circular A-95, annual reviews of over 100,000 grant applications created a staggering paperwork burden costing over $50 million each year - with little positive return to State and local governments and their citizens. This Executive Order directs the revocation of Circular A-95, and shifts the initiative for setting review procedures and priorities to the States and localities.

Executive Order 12372 establishes a process for consulting with State and local officials on proposed Federal assistance. The objectives of the process are to:

a. increase State's flexibility to design a consultation process and select programs they wish to review,
b. increase the ability of State and local elected officials to influence Federal decisions, and
c. compel Federal officials to be more responsive to States.

Under Executive Order 12372, States may design their own processes for reviewing and commenting on proposed Federal financial assistance in programs which are covered under Executive Order 12372. Many States have adopted a State process and designated a State official or organization to act as the State's "Single Point of Contact" (SPOC) for coordinating and sending official State process comments and recommendations to Federal agencies. All organizations and individuals submitting applications subject to Executive Order 12372 review should contact the cognizant SPOC (if the State has designated one) as early as possible for instructions regarding the State's review process. When SSA receives a State process recommendation from the SPOC within

the comment period, SSA must either accommodate the recommendation or explain to the SPOC why it is not accommodating the recommendation. (See Sec. 3-40-70. below.).

3-40-30 THE STATE PROCESS

A. "State Process" is a process designed by a State, under which State and local officials review proposed Federal financial assistance (usually in the form of grant applications) in programs covered by E.O. 12372. A State may promulgate its process as a State statute, an executive order issued by the Governor, a State regulation, or by any other means of its choice. As part of the process, a State selects the covered Federal programs under which it will conduct reviews. A State must provide the Federal Government with an assurance that it has consulted with local officials whenever it changes its list of selected programs. (A State process may also provide for review of applications in programs not covered by E.O. 12372. For such programs, however, the Federal "accommodate or explain" rules (see Sec. 3-40-70, below) do not apply.)

B. The State Single Point of Contact (SPOC) is the official or organization designated by the State to coordinate the State process and to transmit official State process recommendations to the Federal Government.

C. A State may change its State process or SPOC at any time. OMB requests the States to inform it of any such changes. OMB forwards the information to appropriate Federal agencies.

D. Although many States have done so, States are not required to establish a State process or designate a SPOC. However, the "accommodate or explain" requirement described in Sec. 3-40-70, below, does not apply unless the State does both.

E. A State process recommendation is an official recommendation to the Federal Government developed in

accordance with the State process. The recommendation may be a consensus position or may reflect the resolution of conflicting views. It need not necessarily reflect the views of the State itself. For example, a State may delegate to a local government the authority for reviewing and formulating a State process recommendation on a particular grant application. (But see Sec. 3-40-30H. below)

F. A State may conduct an ad hoc review and submit a recommendation on a particular grant application even if the relevant Federal program has not been selected by the State process. (See Sec. 3-40-70B below.) Conversely, a State may decline to review an application even if the relevant Federal program is one that the State process has selected.

G. When a State conducts a review, it is not required to submit a recommendation, or even a "no comment" notice.

H. In order to trigger the "accommodate or explain" requirement, a State process recommendation must be sent to SSA by the SPOC, either directly or via the applicant. This holds true whether the recommendation was formulated by the State itself or by regional, areawide, or local officials. If the SPOC sends a State process recommendation, any comments received by the SPOC from State, areawide, regional, or local officials that differ from the State process recommendation must also be sent but they are excluded from accommodate or explain. Comments received by the SPOC which dissent from the State process recommendation are for information only. The SPOC need not submit the views of commenting officials where there is no State Process recommendation.

3-40-40 NOTIFICATION -- NEW OR COMPETING CONTINUATION AWARDS UNDER COVERED PROGRAMS

A. Section 2-35-20 requires all program announcements to specify whether applications are, or are not, subject to State review under E.O. 12372.

B. If the program announcement is for a covered program, the following should be included:

1. This program is covered by Executive Order 12372 "Intergovernmental Review of Federal Programs."

2. A brief summary of the pertinent provisions of E.O. 12372.

3. The Catalog of Federal Domestic Assistance (CFDA) number assigned to the program or a statement that no CFDA number has been assigned to the program.

4. A statement that applicants (other than Federally recognized Indian tribal governments) should contact their SPOCs as early as possible to alert them to the prospective applications and receive any necessary instructions on the State process. This statement should urge but not require applicants to comply with the State process. For proposed projects serving more than one State, the applicant should be advised to contact the SPOC of each affected State.

5. A current list of SPOCs, including their names, addresses, and telephone numbers, or a statement that such a list will be included in the application kit.

6. The address to which SPOCs should send any State process recommendations.

7. The specific due date for State process recommendations, and a statement that SSA does not guarantee to "accommodate or explain" for State process recommendations it receives after that date.

C. The due date for State process recommendations will normally be the 60th day after the application deadline date for new and competing awards. A program announcement may provide a longer comment period.

3-40-50 NOTIFICATION -- NONCOMPETING CONTINUATION AWARDS UNDER COVERED PROGRAMS

A. As early as possible, Grants Management Officers(GMOs) should notify SPOCs of upcoming noncompeting continuation awards. The notification may take any suitable form. It may be on a grant-by-grant basis or on a batched basis (i.e., a list of current grants with the due dates for their continuation applications.) The notification should include the address to which SPOCs should send any State process recommendations. It should inform the SPOC of the specific due date for State process recommendations and should state that SSA does not guarantee to "accommodate or explain" for State process recommendations it receives after that date. The due date for State process recommendations should generally be the 30th day after the due date for the continuation applications. SSA may provide a longer comment period.

B. SSA should furnish grantees who are due to receive non-competing continuation awards Executive Order information similar to that required by Paragraph 3-40-40, above. This information should be included in the application kits for noncompeting continuations.

3-40-60 APPLICANT COMPLIANCE

A. Enforcement of the State process is a responsibility of the State, and not of SSA. SSA may not impose any sanction on applicants for failure to comply with the State process. In particular, SSA may neither refuse to consider nor disapprove an application solely for failure of the applicant to comply with the State process. However, short

of direct Federal enforcement, SSA should cooperate with SPOCs as provided in Paragraph 3-40-60B, below, to enable the latter to enforce their own State processes.

B. Applicants should be required to check the appropriate box of Standard Form 424 (the face page for grant applications covered by E.O. 12372) to indicate whether they have given the State process an opportunity to review their applications. The GMO should immediately notify the SPOC upon receipt of any application which should, but does not, indicate that the applicant has given the SPOC an opportunity for review and comment. If the SPOC cannot obtain a copy of the application from the applicant directly, the SPOC may then request a copy from the GMO.

3-40-70 STATE PROCESS RECOMMENDATIONS AND THE "ACCOMMODATE OR EXPLAIN" REQUIREMENT

A. The "accommodate or explain" requirement in Executive Order 12372 is triggered when all of the following are present:

1. A written comment that constitutes a State process recommendation is received by SSA.

2. The comment was sent by the SPOC, either directly or via the applicant.

3. SSA has stated in the Federal Register that the program is covered by Executive Order 12372.

4. The applicant is not a Federally recognized Indian Tribe.

5. The comment is received not later than the established due date for State process comments.

B. If all of the factors listed in the preceding paragraph are present, the "accommodate or explain" requirement is

triggered even if the covered program is not one that was officially selected for review in the State process.

C. A mere endorsement of a grant application does not trigger the "accommodate or explain" rule. A state process comment, however, that prioritizes or ranks applications does trigger the requirement if all the factors listed above are present. In this case, funding a lower ranked application while not funding a higher ranked application would constitute non-accommodation under the "accommodate or explain" requirement.

D. When the "accommodate or explain" requirement applies, SSA must make every effort to accommodate the State process recommendation. When it is not feasible to accommodate the State process recommendation, SSA must explain why in writing to the SPOC.

E. Accommodation of a State process recommendation consists of either:

1. Accepting and carrying out the recommendation; or

2. Negotiating a mutually agreeable solution with the State process. For example, a State process might agree to a special condition proposed by SSA in lieu of the disapproval originally recommended by the State process. All such compromise agreements must be fully documented in the official grant file or program file, as appropriate.

F. When SSA accommodates a State process recommendation to which the "accommodate or explain" requirement applies, SSA must notify the SPOC in writing within ten calendar days.

G. A non-accommodation occurs when either the State process recommends an application not be funded and the awarding agency decides to fund; or, the State process recommends substantive changes to the application or special conditions in the award and the awarding agency decides to

fund the application without these changes or special conditions; or, the State process indicates that a particular application should be chosen for funding over others, and it is not funded while other, lower priority applications are.

H. When SSA decides not to accommodate a State process recommendation, it must promptly send a written explanation of the reason(s) to the SPOC. This written explanation may be supplemented by an explanation to the SPOC via telephone, other telecommunications, or any other means. Implementation of a non-accommodation decision must be delayed by SSA at least ten or fifteen calendar-days, as provided in paragraph 3-40-70(I). Every non-accommodation explanation given to a SPOC, whether written or oral, should tell the SPOC the specific date after which the awarding agency intends to implement the non-accommodation funding decision. In the case of a non-accommodation involving a State priority ranking, neither the awards for successful applicants nor the disapproval letters for unsuccessful applicants should be mailed until the waiting period has expired. This waiting period is intended to provide time for the State process to formulate an appropriate political response to SSA and awarding agency's senior officials and to provide the opportunity to work toward a mutually agreeable intergovernmental accommodation.

I. The delay of implementation of a non-accommodation decision by SSA involves either a ten or fifteen calendar-day waiting period, as follows:

1. If an oral explanation is given to the SPOC on or before the day SSA mails the written explanation, then a ten calendar-day waiting period begins from the day of the mailing of the written explanation of non-accommodation.

2. In all other cases a fifteen calendar-day waiting period begins from the day SSA mails the written explanation of non-accommodation.

J. The GMO should send a copy of each non-accommodation letter, and the State process recommendation, to the Associate Commissioner, Office of Acquisition and Grants(ACOAG) on the same day that it mails the non-accommodation letter to the SPOC. The ACOAG has the agency responsibility for monitoring all SSA non-accommodations.

3-40-80 WAIVERS

A. SSA requests for waivers should be addressed to the ACOAG.

B. The waiver authority should be exercised sparingly and only when there is no feasible alternative. For example, SSA may find it necessary to shorten or even eliminate the normal comment period when faced with a statutory or judicial deadline, a public emergency requiring immediate financial assistance, or unanticipated, sudden appropriations late in a fiscal year.

3-40-90 OTHER CONSULTATION

State process reviews established under Executive Order 12372 are not meant to replace other programmatic consultation or notification requirements. SSA may continue to contact any interested parties about programs for review and comment at any time.

3-40-100 DETERMINING WHETHER A PROGRAM IS COVERED OR EXCLUDED

A. Except as provided in this section, all SSA financial assistance programs are covered by Executive Order 12372.

B. Executive Order 12372 does not apply to the following:

1. Proposed Federal legislation, regulations, or budget formulation;

2. Activities that are classified for national security purposes.

3. Direct payments to individuals (e.g., Social Security retirement benefits).

4. Financial transfers for which SSA has no funding discretion or direct authority to approve specific sites or projects. This includes block grants and open-ended entitlement programs. State plan formula grant programs are excluded from the review and comment provisions of the Executive Order and regulation, but are covered by the State plan simplification and consolidation provisions. (See Section 3-40-110, below.)

5. Research projects whose goals and objectives are national in scope;

6. Assistance to Federally-recognized Indian tribes:

7. Programs which do not directly affect State and local governments, or where intergovernmental review and consultation is inappropriate.

C. 1. SSA publishes from time to time Federal Register notices listing all covered SSA financial assistance programs and all excluded ones. Between such notices, SSA may publish a Federal Register notice of changes to the most recent listing. The OAG/GMT is responsible for initiating both kinds of notices - as a general rule, a 60-day public comment period will be allowed before such notices are published in final form. OAG/GMT will publish notices listing SSA covered and excluded programs.

2. When SSA starts a new program, or believes an existing program's status should change from covered to excluded (or vice versa), SSA should contact OAG/GMT. GMT will initiate any necessary Federal Register documents. If GMT and the Program Office cannot resolve a

disagreement about the status of a program, the matter will be referred to the ACOAG. If necessary, the Commissioner or designee will be asked to decide the question.

3-40-110 STATE PLANS

A. Under the Executive Order, States are authorized to simplify and consolidate Federally-required State plans to the extent otherwise permitted by law. Formula grant programs are excluded from the review and comment provisions discussed in the rest of this section but are included under the Executive Order's provision to simplify and consolidate State plans.

B. In addition, States, at their option may simplify and consolidate other State plan type submissions, such as block grant applications. Some States have submitted consolidated plans which include four to twelve different programs including formula and block grant programs and programs from other Federal agencies. These consolidated plans appear to be useful to the States for a variety of budgetary, legislative and planning purposes.

3-40-120 RECORDKEEPING

SSA will maintain records concerning all non-accommodations, waivers, complaints, and other actions relating to its implementation of Executive Order 12372. These records will be maintained in a readily accessible and retrievable manner. If an award is made, all State process correspondence and comments will become part of the official grant or program file.

Executive Order 12372--Intergovernmental Review of Federal Programs

Source: The provisions of Executive Order 12372 of July 14, 1982, appear at 47 FR 30959, 3 CFR, 1982 Comp., p. 197, unless otherwise noted.

By the authority vested in me as President by the Constitution and laws of the United States of America, including Section 401(a) of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4231(a)), Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3334) and Section 301 of Title 3 of the United States Code, and in order to foster an intergovernmental partnership and a strengthened federalism by relying on State and local processes for the State and local government coordination and review of proposed Federal financial assistance and direct Federal development, it is hereby ordered as follows:

[Preamble amended by Executive Order 12416 of Apr. 8, 1983, 48 FR 15587, 3 CFR, 1983 Comp., p. 186]

Section 1. Federal agencies shall provide opportunities for consultation by elected officials of those State and local governments that would provide the non-Federal funds for, or that would be directly affected by, proposed Federal financial assistance or direct Federal development.

Sec. 2. To the extent the States, in consultation with local general purpose governments, and local special purpose governments they consider appropriate, develop their own processes or refine existing processes for State and local elected officials to review and coordinate proposed Federal financial assistance and direct Federal development, the Federal agencies shall, to the extent permitted by law:
(a) Utilize the State process to determine official views of State and local elected officials.
(b) Communicate with State and local elected officials as early in the program planning cycle as is reasonably feasible to explain specific plans and actions.
(c) Make efforts to accommodate State and local elected officials' concerns with proposed Federal financial assistance and direct Federal development that are communicated through the designated State process. For those cases where the concerns cannot be accommodated, Federal officials shall explain the bases for their decision in a timely manner.
(d) Allow the States to simplify and consolidate existing Federally required State plan submissions. Where State planning and budgeting systems are sufficient and where permitted by law, the substitution of State plans for Federally required State plans shall be encouraged by the agencies.
(e) Seek the coordination of views of affected State and local elected officials in one State with those of another State when proposed Federal financial assistance or direct Federal development has an impact on interstate metropolitan urban centers or other interstate areas. Existing interstate mechanisms that are redesignated as part of the State process may be used for this purpose.
(f) Support State and local governments by discouraging the reauthorization or creation of any planning organization which is Federally-funded, which has a Federally-prescribed membership, which is

established for a limited purpose, and which is not adequately representative of, or accountable to, State or local elected officials.

Sec. 3. (a) The State process referred to in Section 2 shall include those where States delegate, in specific instances, to local elected officials the review, coordination, and communication with Federal agencies.
(b) At the discretion of the State and local elected officials, the State process may exclude certain Federal programs from review and comment.

Sec. 4. The Office of Management and Budget (OMB) shall maintain a list of official State entities designated by the States to review and coordinate proposed Federal financial assistance and direct Federal development. The Office of Management and Budget shall disseminate such lists to the Federal agencies.

Sec. 5. (a) Agencies shall propose rules and regulations governing the formulation, evaluation, and review of proposed Federal financial assistance and direct Federal development pursuant to this Order, to be submitted to the Office of Management and Budget for approval.
(b) The rules and regulations which result from the process indicated in Section 5(a) above shall replace any current rules and regulations and become effective September 30, 1983.

[Sec. 5 amended by Executive Order 12416 of Apr. 8, 1983, 48 FR 15587, 3 CFR, 1983 Comp., p. 186]

Sec. 6. The Director of the Office of Management and Budget is authorized to prescribe such rules and regulations, if any, as he deems appropriate for the effective implementation and administration of this Order and the Intergovernmental Cooperation Act of 1968. The Director is also authorized to exercise the authority vested in the President by Section 401(a) of that Act (42 U.S.C. 4231(a)), in a manner consistent with this Order.

Sec. 7. The Memorandum of November 8, 1968, is terminated (33 *Fed. Reg.* 16487, November 13, 1968). The Director of the Office of Management and Budget shall revoke OMB Circular A-95, which was issued pursuant to that Memorandum. However, Federal agencies shall continue to comply with the rules and regulations issued pursuant to that Memorandum, including those issued by the Office of Management and Budget, until new rules and regulations have been issued in accord with this Order.

Sec. 8. The Director of the Office of Management and Budget shall report to the President by September 30, 1984 on Federal agency compliance with this Order. The views of State and local elected officials on their experiences with these policies, along with any suggestions for improvement, will be included in the Director's report.

[Sec. 8 amended by Executive Order 12416 of Apr. 8, 1983, 48 FR 15587, 3 CFR, 1983 Comp., p. 186]

Part 3 POST-AWARD REQUIREMENTS
Section 45 LIMITS ON TOTAL PAYMENTS TO THE RECIPIENT

3-45-00 Background and Purpose
3-45-10 Scope
3-45-20 Payment Limits and How to Apply Them
3-45-30 The Federal Funds Authorized/Approved Budget Limit
3-45-40 The Allowable Costs Limit
3-45-50 The Cost-Sharing or Matching Limit
3-45-60 Examples

3-45-00 BACKGROUND AND PURPOSE

A. The Social Security Administration's regulations in 20 CFR Part 435 contain a number of rules that affect the total amount of Federal cas payments to which a recipient is entitled under a grant or cooperativ agreement. There are also rules or principles affecting this amount t are generally accepted or that SSA is required to implement by this manual. Finally, for an individual grant program or a particular gran there may be additional rules limiting total payments to the recipien

B. Despite the multiplicity of rules and principles, once the amount of allowable costs incurred has been determined, it is usually simple to calculate the amount of payments to which the recipient is entitled. Difficulties normally arise only if there are several complicating factors operating at the same time, such as general program income, subgrants, third-party in-kind contributions, and parallel support fr non-Federal or other Federal grants. Difficulties are particularly li in these situations if it is necessary to recalculate the amount beca of disallowances.

C. This section contains guidance on how to calculate the total payments which a recipient is entitled in these complex situations. In effect, brings together in one place the most generally applicable rules and principles that are now scattered in Part 435 and elsewhere. It expla how the rules and principles combine to produce a small number of lim on total payments to the recipient and points out that the lowest applicable limit is the amount to which the recipient is entitled.

D. This section does not deal with the method and timing of payments to recipients. Also, it does not deal with the direct plus indirect cos ceiling on the amount payable to the recipient for a grant (See Secti 3-100).

3-45-10 SCOPE

This section applies to all SSA discretionary grants.

3-45-20 PAYMENT LIMITS AND HOW TO APPLY THEM

A. Federal Funds Authorized/Total Approved Budget

For each grant, the Federal funds authorized or, in some cases, the Federal share of the total approved budget is a limit on payments to recipient. This limit is explained in Section 3-45-30.

B. Allowable Costs

For each grant, the allowable costs incurred by the recipient and any subrecipients (net of certain exclusions) is a limit on payments to t recipient. This limit is explained in Section 3-45-40.

C. Cost Sharing or Matching

For each grant that requires a specified percentage of cost-sharing o matching, the Federal percentage times the sum of eligible costs and third-party in-kind contributions is a limit on payments to the recipient. This limit is explained in Section 3-45-50.

D. Other Limits on Total Payments

The terms of a grant may set additional limits on total payments to t recipient.

E. Which Limit Governs?

For each grant, the total amount of Federal cash payments to which th recipient is entitled under the grant is the lowest applicable limit, less any penalties or credits that may apply.

F. Grants with two or more Funding Periods

1. Many grants are divided into two or more funding periods (called "budget periods" in discretionary Grant programs).

2. For grants of this type, the various limits apply to the payments each individual funding(budget) period, rather than to the grant a whole. In these cases, each funding period stands on its own: the limits are applied period by period, and payments for each period governed by the lowest limit for that period.

3. Some grants have one or more payment limits that apply to the gran a whole in addition to the limits that apply to the individual fun periods within the grant. For example, a project by project cost-sharing requirement under a research grant applies to the multi-year project period rather than to the individual budget per that make up the project period.

   In these cases:

   a. payment for each individual funding period must not exceed the lowest limit that applies to that period, and

   b. total payments for all the funding periods combined must not ex any limit that applies to the grant as a whole.

3-45-30 THE FEDERAL FUNDS AUTHORIZED/APPROVED BUDGET LIMIT

A. Incrementally Funded Discretionary Grants

For incrementally funded discretionary grants, this limit is the less of:

1. the amount (including any supplements) awarded for the budget peri plus the recipient's unobligated balance carryover, if any, from t preceding budget period, or

2. the Federal share of the approved budget for the budget period.

B. All Other Grants

For all other grants, this limit is equal to the amount awarded, including any supplements, plus any authorized carryover from a prece period.

C. References

1. Section 3-30 "Discretionary Grant Funding" (particularly 3-30-60D carryovers and 3-30-60E.3 on the non-availability to the recipient funds in excess of the Federal share of the budget).

3-45-40 THE ALLOWABLE COSTS LIMIT

A. The Limit

This limit is the allowable costs incurred by the recipient and any subrecipients, net of the exclusions set forth in Paragraph B of this section. (To avoid double counting, do not count the recipient's paym to subrecipients as recipient costs).

B. Exclusions

1. Value of Third-Party In-Kind Contributions

Third-party in-kind contributions received are not costs to the recipient. Therefore, their value must be excluded from the allowa costs limit.

2. Costs Paid as Assistance to the Recipient

Allowable costs paid by another Federal grant or subgrant -- or by non-Federal grant or subgrant -- awarded to the same recipient mus excluded from the allowable costs limit. This exclusion does not prevent proration of costs that are allowable under two or more assistance awards to the recipient, nor does this exclusion apply costs paid under a procurement contract awarded to the recipient, even if the procurement contract is awarded under an assistance agreement awarded to another party.

3. Costs Counted to Match Another Federal Grant

A cost that is counted to meet a cost-sharing or matching requirem of another Federal grant must be excluded from the allowable costs limit. This exclusion does not apply where Federal law (applicabl either of the two grants) authorizes the use of the Federal grant funds to meet the cost-sharing or matching requirement. Nor does exclusion apply to costs counted to match a non-Federal grant.

4. Costs for Which General Program Income is Used

Costs for which general program income is used must be excluded fr the allowable costs limit. ("General program income" means income accruing to a recipient during the period of grant support, or to subrecipient during the period of subgrant support, excluding proc from the sale of equipment and supplies, royalties from copyrighte work or royalties from patents on inventions).

5. Costs for Which Money is Used That is Due the Federal Government U Disposition of Equipment

In certain circumstances, money due the Federal Government upon disposition of equipment may be used for allowable costs. Costs fo which that money is used must be excluded from the allowable costs limit.

6. Subrecipient Cost Sharing or Matching

The recipient's allowable costs limit may include the subrecipient allowable costs only to the extent that the recipient actually pay

the subrecipient for them. Therefore, any cost sharing or matchin a subrecipient (whether or not required) must be excluded from the recipient's allowable costs limit.

7. Research Grants: Indirect Costs Allocable to Costs Counting as Cos Sharing or Matching

   If a recipient under a research grant provides a cost-sharing or matching contribution in a direct cost category used in computing direct cost base to which an indirect cost rate is applied, the indirect costs applicable to the contributed direct costs must be excluded from the allowable costs limit. This exclusion does not a if the recipient is a nonprofit organization subject to OMB Circul No. A-122.

3-45-50 THE COST SHARING OR MATCHING LIMIT

A. The Limit

Recipients may be required to contribute a non-Federal match of at le a specified percentage toward the cost of the project. For example, grant may specify a maximum 95% Federal share, or a minimum 5% non-Federal share. For this example, an entity that is awarded a gra or cooperative agreement of $100,000 would need a non-Federal share o least $5,263. The cost of the project is the sum of the Federal shar and the non-Federal share. The non-Federal share may be cash or in-k (property or services) contributions. Requirements of this type act limit on the total amount of money that the recipient is entitled to receive from SSA for the grant or cooperative agreement.

B. The Base

The base is the sum of the following less the exclusions listed in Paragraph C of this section:

1. Total allowable costs of the recipient and any subrecipients, regardless of the source of funds. (To avoid double counting, do n count the recipient's payments to subrecipients as recipient costs.)

2. The value of allowable third-party in-kind contributions as define SSA grant regulations.

3. Allowable costs of any cost-type contractor that exceed the amount contractor earns under the contract.

C. Exclusions

The following must be excluded from the base to which the Federal percentage applies:

1. Costs or third-party in-kind contributions if the costs or the cos of the contributions are paid by another Federal grant or subgrant awarded to the party incurring the costs or making the contributio

2. Costs or third-party-in-kind contributions that count toward satisfying a cost-sharing or matching requirement of another Feder award.

3. Allowable costs for which general program income is used unless th terms of the grant expressly permit the income to be used for requ cost sharing or matching.

4. Costs for which money is used that is due the Federal Government u disposition of equipment.

3-45-60 EXAMPLES

A. 1. Suppose a grant with the following features:

a. Amount of award: $80,000.

b. Matching requirement: Federal share may not exceed 80%.

c. Allowable costs incurred by recipient: $90,000.

d. Value of eligible third-party in-kind contributions: $10,000.

e. General program income earned by recipient: $10,000

f. No grant terms governing general program income.

g. Other relevant features (incremental funding, subgrants, other Federal or non-Federal grants for some of the same activities etc).

2. The amount of payments to which the recipient is entitled may be calculated as follows:

Federal Funds Authorized/Approved Budget Limit		$80,000
Allowable Costs Limit		
Allowable costs of recipient	$90,000	
Less: Costs for which general program income is used	$10,000	
	$80,000	
Cost-Sharing or Matching Limit		
Base to which Federal percentage applies:		
Allowable costs of recipient	$90,000	
Plus: Third-party in-kind contributions	10,000	
	$100,000	
Less: Costs for which general program income is used	10,000	
	$90,000	
Federal Percentage 80% times base $90,000		$72,000

Amount of payments to which recipient is entitled is $72,000.

B. 1. Suppose the same situation as in 3-45-60A above, except that the terms of the grant permit general program income to be used in accordance with the cost-sharing or matching alternative (income must be used for allowable costs, but those costs count as required matching).

2. The amount of payments to which the recipient is entitled may be calculated as follows:

Federal Funds Authorized /Approved Budget Limit		$80,000
Allowable Costs Limit		
Allowable costs of the recipient	$90,000	
Less: Costs for which program income is used	10,000	
	$80,000	
Cost-Sharing or Matching Limit		
Base to which Federal percentage applies		
Allowable costs of recipient	$90,000	

Plus: Third-party in-kind contributions	10,000	
	$100,000	
(no exclusion or deduction for general program income.)		
Federal percentage 80% times base $100,000		$80,000

Amount of payments to which recipient is entitled is $80,000.

C. 1. Suppose the same situation as in 3-45-60A, above, except that the recipient's $90,000 of allowable costs includes not only $10,000 for which the general program income was used, but also (a) $15,000 for which the recipient was paid by a parallel grant that the recipient received from a private foundation, and (b) $5,000 that the recipient counted to match the private grant.

2. The amount of payments to which the recipient is entitled may be calculated as follows:

Federal Funds Authorized/Approved Budget Limit		$80,000
Allowable Costs Limit		
Allowable costs of recipient	$90,000	
Less: Costs for which general program income is used	10,000	
	$80,000	
Less: Costs paid by non-federal grant	15,000	
	$65,000	
Cost-sharing or Matching Limit (Same as in 3-45-60A)		$72,000

Amount of payments to which the recipient is entitled is $65,000.

D. 1. Suppose the same situation as in 3-45-60C, above, except that the parallel grant was awarded by another Federal agency rather than a private foundation.

2. The amount of payments to which the recipient is entitled may be calculated as follows:

Federal Funds Authorized/Approved Budget Limit		$80,000
Allowable Costs Limit		
Allowable costs of recipient	$90,000	
Less: Costs for which general program income is used	10,000	

	$80,000	
Less: Costs paid by other Federal grant awarded to the recipient	15,000	
	$65,000	
Less: Costs counted to meet the matching requirement of the other Federal grant	5,000	
	$60,000	
Cost-Sharing or Matching Limit		
Base to which Federal Percentage applies:		
Allowable costs of recipient	$90,000	
Plus: Third-party in-kind contributions	10,000	
	$100,000	
Less: Costs for which general program income is used	10,000	
	$90,000	
Less: Costs paid by other Federal grant awarded to the recipient	15,000	
	$75,000	
Less: Costs counted to meet the matching requirement of the other Federal grant	5,000	
	$70,000	
Federal Percentage 80% times base $70,000		$56,000

Amount of payments to which recipient is entitled is $56,000.

Part 3 POST-AWARD REQUIREMENTS
Section 50 GOVERNMENT FURNISHED EQUIPMENT AVAILABLE TO RECIPIENTS

3-50-00 Purpose
3-50-10 Scope
3-50-20 Background
3-50-30 Policy
3-50-40 Conditions Under Which Government Furnished Equipment May be used on a Grant with a Non-commercial Organization
3-50-50 Coordination
X3-50-1 Sample Revocable License Agreement

3-50-00 PURPOSE

A. The purpose of this section is to supplement 20 CFR 437 by providing information on:

1. Conditions under which equipment acquired under a con-contract may be used on a grant (i.e., where a government contractor receives a grant).

2. Conditions under which equipment acquired under a grant with a commercial(for-profit) organization may be used on a grant with a non-commercial organization (e.g., where a principal investigator leaves a commercial recipient for a non-commercial recipient).

B. For purposes of this section, "government furnished equipment" means "equipment" as defined in 20 CFR Part 437.

C. For purposes of this section, "non-commercial organization" means any public or private nonprofit organization.

3-50-10 SCOPE

A. This section is applicable to all SSA discretionary grants.

B. This section does not apply to:

1. Federal excess (no longer needed by the agency) or surplus (no longer needed by the government) equipment.

2. Equipment acquired under grants to non-commercial organizations.

3. Contract awards to institutions of higher education or nonprofit organizations whose primary purpose is conducting scientific research, as provided in Federal Acquisition Regulation (FAR) section 35.014 (see also section 3-50-40 of this section).
4. Research awards to a non-profit institution of higher education or a non-profit organization whose principal purpose is conducting scientific research, when SSA chooses to use the authority in the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6306) to vest title to tangible personal property acquired with SSA funds in the grantee without further obligation to the Federal Government, except those obligations contained in 45 CFR 74.34(h)(1), (2), and (4). If SSA is using this "exemption," the Notice of Grant Award should explicitly state that title is being vested pursuant to 31 U.S.C. 6306 and the property is considered exempt.

3-50-20 BACKGROUND

A. Ordinarily, recipients obtain equipment used on grant supported projects by direct purchase using grant funds. Because it is SSA policy to vest title in the recipient, (including commercial[for-profit] organizations), that equipment is generally retained by the recipient for its useful life. Except under limited circumstances in which SSA exercises its right to require the recipient to transfer title to the government or to a third party, this equipment would not be available for distribution to other recipients.

B. In some cases, however, government furnished equipment might be available from contractors or for-profit recipients. This issue is particularly relevant when the recipient and the contractor are one and the same organization, or when a grant is transferred from a for-profit recipient to a non-commercial recipient.

C. Statutory authority is not needed for a recipient to use equipment furnished to contractors or for-profit recipients. In the absence of such authority, the Comptroller General has stated (36 Comp. Gen. 561, 563 (1957)) that both the General Accounting Office and the Attorney General have determined " ... the head of a government department has authority to grant to individuals

or organizations revocable licenses to use government property for various purposes where such purposes were deemed to benefit the government. Those decisions held that the granting of such a license was not an alienation of title, ownership, or control of Government property and did not constitute a disposal of government property in violation of the constitutional provision" (emphasis added).

D. The concept of a revocable license is a longstanding one based on the principle outlined above. The HHS Office of the General Counsel, in an analysis of the opinions of both the Comptroller General and the Attorney General concluded (memo, GC (Comstock) to GC files, "Hospital and Station Management -- Government Property--License for Use to Non-Government Parties," March 15, 1961 (PK 2000)) that the head of a federal executive department was authorized to grant a license to use government equipment under the following conditions:

1. The license must be revocable at the will of the government.

2. The use to which the licensee puts the equipment must not permanently damage it for government use.

3. The granting of the license for the use of the equipment must be of benefit to the United States.

   Conditions 1 and 2 can be stipulated in the revocable license agreement (see sample agreement at X3-50-1). Regarding item 3, the Attorney General has specifically stated that the benefit to the United States may be a "benefit to the public interest" which accrues "either directly or indirectly" (22 Op. Att. Gen. 240, quoted at 22 Comp. Gen. 563, 566). Thus, the benefit may be, but need not be, solely a financial one. In most instances, however, obtaining equipment from other sources would obviate the need for the recipient to purchase it, resulting in a cost savings to the government.

3-50-30 POLICY

A. SSA policy is to use all resources to the greatest possible extent in supporting its mission.

B. In keeping with that policy, recipients may use government furnished equipment acquired under prior or

existing SSA contracts on subsequent grant projects, where use of available equipment is authorized under the FAR, Federal Property Management Regulations (FPMR), and through the issuance of a revocable license.

3-50-40 Conditions Under Which Government Furnished Equipment May Be Used On A Grant With A Non-Commercial Organization

Except as noted above, in section 3-50-10 B.3., title to equipment acquired under contracts must vest with the government. This equipment is therefore available for use elsewhere to support SSA grant activities when it is no longer needed under the original contract. The equipment would be provided to the recipient as government furnished equipment, with the SSA component retaining title. The FPMR encourages this use of government furnished equipment by requiring agencies to:

1. Use contractor equipment within SSA, where feasible, before permitting contractor retention or disposal (FPMR 101-43.316).

2. Reassign equipment among SSA's various activities, including its cost reimbursement-type contractors, when it is no longer needed for purposes of the appropriation from which it was purchased or for the use to which it was put. In this case, the agency must discontinue procurement of items for which it can substitute or adapt the available equipment (41 CFR Part 102-36: Disposition of Excess Personal Property).

3-50-50 Coordination

Grants management and contracting staff of the affected awarding organizations must coordinate their activities in deciding to transfer equipment from contractors to recipients. They must identify the equipment to be transferred and, in conjunction with property management staff, determine the method of transfer and arrange for payment of costs associated with the transfer. In addition, grant file documents, including the revocable license agreement, must include provisions for the acceptance, use, management, and control (48 CFR 345) of government furnished equipment.

SAMPLE REVOCABLE LICENSE AGREEMENT

This agreement dated _____ by and between SSA and (insert name of recipient) (licensee) provides for the transfer of the following personal equipment:

1. Description of equipment

2. Quantity.

3. Estimated unit and total cost.

4. Condition

Possession of the equipment shall be transferred to the licensee in connection with grant/cooperative agreement (insert grant number) for the period of SSA support or as directed by the SSA Grants Management Officer and is effective the date of this agreement, subject to the following terms and conditions:

1. Title to the equipment remains with the government.

2. The Government reserves the right to require the equipment to be returned to the Government or transferred to a third party should it be determined that it would be in the Government's best interest to do so.

3. The way the licensee uses the equipment must not permanently damage it for Government use.

4. The equipment must be controlled and maintained in accordance with the requirements set forth in 20 CFR 437 and 48 CFR 345.

_____ _____

Signature (Licensor) (Date)

_____ _____

Signature (Licensee) (Date)

Part 3 POST-AWARD REQUIREMENTS
Section 60 TRANSFERRING WORK & PROVIDING FINANCIAL ASSISTANCE TO 3RD PARTIES UNDER DISCRETIONARY GRANTS

3-60-00 Background, Purpose and Scope
3-60-10 Approval Principles

3-60-00 BACKGROUND, PURPOSE AND SCOPE

A. SSA grant regulations require recipients of discretionary grants and recipients of subgrants to obtain prior approval for contracting out, subcontracting or otherwise obtaining the services of a third party to perform activities which are central to the purpose of the award. Recipients must obtain the prior approval of SSA and subrecipients must obtain the prior approval of the party awarding the subgrant. If the transfer or financial assistance is not included in the approved project plan at time of award, the approval must be obtained through a post-award request.

B. This section contains principles to be followed by SSA in exercising its prior approval authority under the above policy. The primary purpose is to ensure that a recipient is not permitted to act as a straw-party, that is, to act as a mere conduit of funds to a third party without performing a substantive role itself. The principles apply whether the approval is given by approving a project plan in an application or a post-award request.

C. This section applies to all discretionary grants.

D. As defined in SSA regulations, the recipient is the entire legal entity receiving the award, not just the particular organizational component named in the award document. For example, the recipient is the entire State or university, not just the named State agency or college. Therefore, an arrangement between an organizational component named in the notice and another component of the same legal entity is not an arrangement with a third party and is not subject to the policy treated in this section.

3-60-10 APPROVAL PRINCIPLES

A. SSA may authorize a recipient to transfer the performance of activities which are central to the purpose of the award only when the recipient will perform at least one of the following roles:

1. Principal performer of project activities;

2. Primary beneficiary of Federal financial assistance; or

3. Overall administrator of a program in which third parties perform activities or receive financial assistance.

B. Generally, each application or request involving the transfer of work or the award of financial assistance shall be reviewed on its own merits as to whether approval would violate the rule in 3-60-1OA. However, if the transfer or financial assistance falls into one of the following classes, SSA may assume that approval would not violate the rule:

1. Subgranting or contracting for projects by a recipient under a grant awarded under a statute or regulation explicitly intending that the primary responsibility of each recipient shall be to select projects for support and to award and administer grants, contracts or other agreements for those projects.

2. The transfer of activities and funds to a collaborating or cooperating organization in a grant awarded under a statute or regulation explicitly intending such collaboration or cooperation.

3. The transfer of activities and funds to a college, university, hospital, or government entity from a closely affiliated but separately incorporated organization having for a primary purpose the receipt and administration of gifts, grants, and contracts. An example is the transfer of funds to a State university from its affiliated research foundation. (See Section 3-95.)

4. The provision of financial assistance to students under a training grant.

C. Procurements are often the means by which the recipient transfers programmatic work to a third party. SSA may require the recipient to submit procurement documents for prior approval to satisfy applicable regulatory requirements.

D. SSA may limit the kinds of third parties eligible to perform the work or receive the financial assistance. However, it may not itself choose a party and directly or indirectly require the recipient to transfer the work or award the assistance to that party. The choice of a specific party must be the recipient's.

Part 3 POST-AWARD REQUIREMENTS
Section 65 SUPPORTING AUDIOVISUALS, PUBLICATIONS AND BROADCASTS UNDER DISCRETIONARY GRANTS

3-65-00 Scope
3-65-10 Purpose and Definitions
3-65-20 Policy
3-65-30 Printing Requirements Resulting from Grants
3-65-40 Promoting Information Exchanges on Videotape & Motion Picture Production

3-65-00 SCOPE

This section applies to all SSA discretionary grant and cooperative agreement programs.

3-65-10 PURPOSE AND DEFINITIONS

A. The purpose of this section is to preclude the use of grants or cooperative agreements for audiovisuals, publications and broadcasts that are intended principally for the direct benefit or use of the Federal Government;

B. For the purposes of this section:

1. Audiovisual means any product containing visual imagery or sound or both such as motion pictures, live or recorded radio or television programs or public service announcements, slide shows, filmstrips, audio recordings, multi-media presentations, exhibits where visual imagery or sound or both are an integral part.

2. Publication means any document which communicates information to the public (which is understood to include professional or other specialized readerships), such as flyers, posters, pamphlets, brochures, books, booklets, manuals, and 50 copies or more of which are for distribution to the public.

3. Broadcast means television and radio programs intended for use by the public.

4. A cost is considered "supported" by a grant or cooperative agreement if it is treated as a direct cost and is either charged to Federal funds or counted as required matching or cost sharing.

3-65-20 POLICY

Use of Grants or Cooperative Agreements

A grant or cooperative agreement may not be used to produce or procure audiovisuals or publications that are intended principally for the direct benefit or use of the Federal Government, even if that acquisition is incidental to the principal purpose of the grant or cooperative agreement.

3-65-30 PRINTING REQUIREMENTS RESULTING FROM GRANTS

The U.S. Congress Joint Committee on Printing does not intend that recipients shall become prime or substantial sources of printing for the use of Federal agencies. Therefore, the inclusion of printing, as defined in GAM Section 1-02, within grants is prohibited unless authorized by the Joint Committee on Printing.

A requirement for a recipient to duplicate less than 5,000 copies of one page documents or less than 25,000 pages in the aggregate of multiple page documents for the use of a department or agency, will not be deemed to be printing primarily or substantially for a department or agency. For the purpose of this paragraph, such pages may not exceed a maximum image size of 10 3/4 by 14 1/4 inches.

A requirement for a recipient to produce or procure less than 250 duplicates from original microform will not be deemed to be printing primarily or substantially for a department or agency.

In those instances where clarification of these requirements are needed, such a request for clarification may be submitted by the GMO or SSA Project Officer through the SSA Printing Officer. The source for the regulations explained above is the Government Printing and Binding Regulations, published by the Joint Committee on Printing, U.S. Congress, No. 26, February 1990.

3-65-40 PROMOTING INFORMATION EXCHANGES ON VIDEOTAPE & MOTION PICTURE PRODUCTION

OMB Circular A-130, Management of Federal Information Resources", provides information resources management policies. It includes the requirement that audiovisual activities be obtained consistent with OMB Circular A-76, "Performance of Commercial Activities". A-76 states that commercial sources should be utilized, wherever possible, to supply the goods and services required by the Federal government, including audiovisuals. A-130 8a(1)(d) specifically states that Federal agencies shall seek to satisfy new information needs through interagency or intergovernmental sharing of information, or though commercial sources, where appropriate, before creating or collecting new information. Consistent with this policy, the Defense Visual Information component has developed a website related to motion picture and videotape production that will contain an Interested Producers List, as well as links to other sites for current, up-to-date and valuable information. All persons or firms wishing information related to the production or procurement of motion picture, video and multimedia productions will have access to databases designed to promote the exchange of information.

Part 3 POST-AWARD REQUIREMENTS
Section 70 SUBMISSION OF SALARY INFORMATION IN GRANT APPLICATIONS

3-70-00 Purpose
3-70-10 Scope
3-70-20 Policy

3-70-00 PURPOSE

This section provides that applicant organizations shall have the option to omit specific salary rates or amounts for individuals from copies of grant applications which are made available to reviewing consultants.

3-70-10 SCOPE

All grant programs which:
(1) require applicant organizations to submit information on salary rates or amounts for individuals in connection with the budgets of grant applications; and
(2) engage outside consultants to review grant applications.

3-70-20 POLICY

Applicant organizations shall have the option to omit specific salary rates or amounts for individuals from those copies of grant applications which are made available to SSA reviewing consultants. When an applicant exercises this option the following conditions shall apply.

A. Data concerning specific salary rates or amounts for individuals shall be included in, or attached to and made part of, at least one copy of the application, but shall be restricted to use only by regular SSA employees, and

B. Copies of the application made available to SSA consultants shall show salary amounts as summary totals

only, but must include at least all of the following information for each individual who is expected to work directly on the grant support activity.

1. name (if known at the time the application is submitted);

2. position or job title;

3. percentage of time or effort the individual is expected to devote to the grant-supported activity; and

4. whether or not salary support for the individual is requested from the grant.

Part 3 POST - AWARD REQUIREMENTS
Section 75 COST TRANSFERS

3-75-00 Background and Purpose
3-75-10 Scope
3-75-20 Policy

3-75-00 BACKGROUND AND PURPOSE

There are instances where recipients have transferred costs from one project to another many months after the original charges had been recorded in the recipient's accounting records. In many cases, the transfers were not supported by documentation which adequately explained why the transfers were made. SSA recognizes that transfers of costs from one project to another are occasionally necessary to correct bookkeeping or clerical errors in the original charges. SSA also recognizes that closely related work may be supported by more than one funding source and that in such cases a transfer of costs from one funding source to another may be proper. However, frequent, tardy, and unexplained (or inadequately explained) transfers, particularly where they involve projects with significant cost overruns or unexpended fund balances, raise serious questions about the propriety of the transfers themselves as well as the overall reliability of the recipient's accounting system and internal controls. The purpose of this section is to prescribe the conditions under which cost transfers may be accepted as charges to SSA grants.

3-75-10 SCOPE

This section is applicable to all SSA grants.

3-75-20 POLICY

A. Correction of Errors

Transfers of costs to SSA grants which represent corrections of clerical or bookkeeping errors must be made promptly after the errors are discovered and, where possible, prior to the submission of the grant expenditure report. The transfer must be supported by documentation which contains a full explanation of how the error occurred and a certification of the correctness of the new charge. An explanation which merely states that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. It should be noted that frequent errors in the recording of costs may indicate the need for improvements in the recipient's accounting system and/or internal controls. Therefore, where such errors occur, recipients are encouraged and may be required to evaluate the need for improvements in these areas and to make what improvements are deemed necessary.

B. Closely Related Work

1. When closely related work is supported by more than one funding source, a cost transfer from the originally charged funding source to an SSA grant may be made provided that the transfer meets all of the following conditions:

   a. The cost is a proper and allowable charge to the grant.

   b. The transfer is supported by documentation which contains a full explanation and justification for the transfer and a certification of the propriety of the transfer by the principal investigator, project director, or other responsible program official of the recipient organization.

   c. The transfer is reviewed and approved by a responsible financial or administrative official of the organization.

2. To the maximum extent possible, cost transfers involving closely related work should be made within

120 days of the original charge. Recipients are cautioned that transfers made long after the original charge raise serious questions concerning the propriety of the transfers. Therefore, if a transfer is made after the 120 day period, the supporting documentation described in 3-75-20B.1.b., in addition to the normal explanation and justification for the transfer, must also include an explanation of why the transfer was tardy.

C. Retention of Documentation

The documentation described in paragraphs 3-75-20A. and B. must be retained by the recipient for the period required by SSA's grant regulations and be made available for verification during the course of an audit or other review made by, or on behalf of SSA. Recipients are expected to make all pertinent documentation regarding the transfers of costs available to the auditor at the time of the audit.

Part 3 POST-AWARD REQUIREMENTS
Section 80 CHARGES FOR LEASED FACILITIES AND EQUIPMENT

3-80-00 Purpose
3-80-10 Scope
3-80-20 Definitions
3-80-30 Policy

3-80-00 PURPOSE

This Section prescribes SSA policy on the costs that may be charged to SSA grants for leased buildings, land, and equipment. The Section supplements the guidance on rental costs in the OMB cost principles presented in OMB Circulars A-87 and A-122.

3-80-10 SCOPE

This Section applies to all SSA grants, except those awarded to educational institutions subject to the cost principles in OMB Circular A-21. (Note: the cost principles for educational institutions contain provisions on rental costs which are similar to those contained in this Section.)

3-80-20 DEFINITIONS

A. Sale and leaseback arrangement - An arrangement under which property owned by an organization is sold to and leased back from another organization or individual.

B. Less-than-arms-length lease - A lease under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to, those between
(1) divisions of an organization
(2) organizations under common control through common officers, directors, or members, and

(3) an organization and a director, trustee, officer, or key employee of the organization, or his/her family, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.

C. Material equity lease - A lease under which the lessee acquires a material equity in the leased property. A material equity in the property exists if the lease is noncancelable, or is cancelable only upon the occurrence of some remote contingency, and has one or more of the following characteristics:

1. The lessee has the right to purchase the property for a price which at the beginning of the lease appears to be substantially less than the probable fair market value at the time it is permitted to purchase the property (commonly called a lease with a bargain purchase option).

2. Title to the property passes to the lessee during or after the lease period.

3. The term of the lease (initial term plus periods covered by bargain renewal options, if any) is equal to 75% or more of the economic life of the property, i.e., the period the property is expected to be economically usable by one or more users.

3-80-30 POLICY

A. Subject to the limitations prescribed in paragraphs B. through D. of this Section, rental costs are allowable to the extent that the rates are reasonable in light of such factors as rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property.

B. Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed under applicable costs principles had the lessee continued to own the property.

C. Rental costs under less-than-arms-length leases are allowable only up to the amount that would be allowed under applicable cost principles had title to the property vested in the lessee.

D. Rental costs under material equity leases are allowable only up to the amount that would be allowed under applicable cost principles had the lessee purchased the property on the date the lease agreement was executed (e.g., depreciation or use allowances, maintenance, taxes, insurance, etc., but excluding unallowable costs).

E. Lease versus Purchase Considerations

1. SSA should consider whether to lease or purchase supplies and equipment based on a case-by-case evaluation of comparative costs and other factors. The following factors are the minimum that should be considered:

   a. Estimated length of the period the supplies or equipment is to be used and the extent of use within that period.

   b. Financial and operating advantages of alternative types and makes of supplies or equipment.

   c. Cumulative lease or rental payments for the estimated period of use.

   d. Net purchase price.

   e. Transportation and installation costs, if applicable.

   f. Maintenance and other service costs.

g. Potential obsolescence of the equipment because of imminent technological improvements.

2. The following additional factors should be considered, as appropriate, depending on the type, cost, complexity, and estimated period of use of the supplies or equipment:

   a. Availability of purchase options.

   b. Potential for use of the supplies or equipment by other agencies after its use by the acquiring agency is ended.

   c. Trade-in or salvage value.

   d. Imputed interest.

   e. Availability of a servicing capability, especially for highly complex equipment; *e.g.*, can the equipment be serviced by the Government or other sources if it is purchased?

3. Lease and Purchase methods.

   a. *Purchase method:*
      (1) Generally, the purchase method is appropriate if the supplies or equipment will be used beyond the point in time when cumulative leasing costs exceed the purchase costs.

      (2) Agencies should not rule out the purchase method of equipment acquisition in favor of leasing merely because of the possibility that future technological advances might make the selected equipment less desirable.

   b. *Lease method:*
      (1) The lease method is appropriate if it is to the SSA's advantage under the circumstances.

(2) If a lease is justified, a lease with option to purchase is preferable.

(3) Generally, a long term lease should be avoided, but may be appropriate if an option to purchase or other favorable terms are included.

Part 3 POST-AWARD REQUIREMENTS
Section 85 ESTABLISHMENT OF INDIRECT COST RATES

3-85-00 Background and Purpose
3-85-10 Scope
3-85-20 Definitions
3-85-30 Policy
3-85-40 Normal Procedures for Establishing Indirect Cost Rates
3-85-50 Special Procedures for Certain Recipients

3-85-00 BACKGROUND AND PURPOSE

A. Indirect costs are the costs incurred by an organization that are not readily identifiable with a particular project or program but are nevertheless necessary to the operation of the organization and the performance of its programs. The costs of operating and maintaining facilities, depreciation, and administrative salaries, are examples of the types of costs that are usually treated as indirect costs.

B. In theory, all such costs might be charged directly. Practical difficulties, however, will normally preclude this approach. They are therefore grouped into a common pool(s) and distributed to the organization's programs through a cost allocation process. The end product of this allocation process is an indirect cost rate (or rates) which is then applied to individual grant awards to determine the amount of indirect costs chargeable to the awards.

C. The purpose of this Section is to prescribe SSA's basic policies and procedures governing the establishment of indirect cost rates. Supplemental policies and procedures on the establishment of special indirect cost rates and indirect cost rates for affiliated institutions are contained in Section 3-90 and 3-95 respectively. Policies and procedures on the reimbursement of indirect costs by granting agencies (including the application of indirect cost rates) are contained in Sections 3-100 and 3-105.

3-85-10 Scope

This Section applies to all SSA grants which provide for the reimbursement of indirect costs. (See Section 3-100.) The Section, however, does not apply to training grants awarded to institutions of higher education, hospitals, and other non-profit institutions except in those instances where the institution's actual indirect cost rate applicable to such grants is determined to be less than 8% of total direct costs. (See Section 3-105.)

3-85-20 DEFINITIONS

A. Indirect Cost Rate -- The ratio, expressed as a percentage, of an organization's total indirect costs to its direct cost base. When a rate is established for a specific activity or program (e.g., research) the rate represents the ratio of the total indirect costs allocated to the activity or program to the direct base costs of the activity or program.

B. Provisional Indirect Cost Rate -- A temporary rate established for a given period to permit interim reimbursement of indirect costs pending the establishment of a permanent rate for the period. Establishment of a permanent rate may require the indirect costs reimbursed based on the provisional rate be adjusted upward or downward to reflect the costs based on the permanent rate.

C. Final Indirect Cost Rate -- A permanent rate established after the actual costs for a given fiscal year of the organization are known and the actual amount of indirect costs applicable to Federally sponsored programs have been determined. This type of rate is not subject to subsequent adjustment.

D. Predetermined Indirect Cost Rate -- A permanent rate established for a future period based on an estimate of the costs of that period. Except under very unusual circumstances, this type of rate is not subject to subsequent adjustment.

E. Fixed Indirect Cost Rate -- A permanent rate that has the same characteristics as a predetermined rate. However, unlike a predetermined rate, the difference between the estimated costs used to establish the fixed rate and the actual costs of the period covered by the rate is "carried forward" as an adjustment to the rate computation of a subsequent period.

F. Currently Effective Indirect Cost Rate -- A rate authorized by a Federal agency for use in reimbursing indirect costs under SSA grants. This term also encompasses rates authorized pursuant to the special procedures contained in Section 3-85-50 of this Section.

G. Indirect Cost Proposal-- The documentation prepared by a recipient organization to substantiate its claim for the reimbursement of indirect costs. This proposal provides the basis for review, audit, and negotiation leading to the establishment of the organization's indirect cost rate(s).

H. Rate Agreement -- The document that formalizes the establishment of indirect cost rates and provides information on the proper application of the rates.

3-85-30 POLICY

A. Preparation of Proposals

Indirect cost proposals will be prepared in accordance with the cost principles as prescribed in the applicable OMB circulars, and will conform to other cost policies of the cognizant Federal agency. Guidance on the preparation of indirect cost proposals is provided by the cognizant Federal agency. Available guidance on the preparation of

indirect cost proposals is available at the Health and Human Services Division of Cost Allocation website.

B. Submission of Proposals

Except as otherwise provided in paragraph 3-85-50A, a claim for the reimbursement of indirect costs under grants awarded by SSA must be supported by the timely submission of an indirect cost proposal for each fiscal year in which such costs are claimed. The requirement for annual submission of indirect cost proposals may be waived by the cognizant Federal agency. If the requirement is not waived, recipients that fail to comply with the requirement will be deemed as not having a currently effective indirect cost rate. In the absence of this rate, future grants awarded to the recipient will not provide for the reimbursement of indirect costs. If a rate is subsequently established, based on the late submission of an indirect cost proposal, indirect cost reimbursement may be limited to the indirect costs applicable to the period subsequent to the date the proposal is submitted. Failure to submit a timely proposal may also result in the disallowance of indirect costs previously reimbursed based on the use of a provisional indirect cost rate. (See Section 3-100.)

C. Reimbursement of Indirect Costs

Indirect cost reimbursement will be based on indirect cost rates established in accordance with the policies and procedures contained in this Section. (See Section 3-100.)

D. Basic Negotiation Policies

In the negotiation of indirect cost rates, emphasis should be placed on simplifying the procedures associated with indirect cost reimbursement. This includes:

1. Maximizing the use of predetermined and fixed indirect cost rates.

2. Avoiding the use of special indirect cost rates (e.g., off-site rates) except where demonstrably justified. (See Section 3-90.)

E. Subgrants

1. Except as otherwise provided in subparagraph 2. of this paragraph, recipients will be responsible for negotiating appropriate indirect cost rates with subrecipients and cost-type contractors (hereafter collectively referred to as "subrecipients") awarded funds under SSA grants. Such negotiations will be based on Federal cost principles applicable to the subrecipient. The procedures followed by the recipient in conducting the negotiations will be subject to review and audit by, or on behalf of, SSA. If the recipient requires assistance in connection with the negotiations, it should request such assistance from the cognizant Federal agency.

2. Recipients will not be required to negotiate indirect cost rates with subrecipients if any of the following conditions exist:

a. The subgrant does not provide for the reimbursement of indirect costs.

b. The subgrant is for training purposes and is awarded to an institution of higher education, a hospital, or a non-profit institution. In these cases, the subgrant will be subject to the policies and procedures set forth in Section 3-105.

c. The subrecipient is also a direct recipient of Federal grants or contracts and is required to negotiate indirect cost rates directly with the cognizant Federal agency or is a hospital which is required to negotiate research patient care rates with the cognizant Federal agency.

3-85-40 NORMAL PROCEDURES FOR ESTABLISHING INDIRECT COST RATES

A. Submission of Proposals

1. An organization that has not previously established an indirect cost rate with the cognizant Federal agency should submit its initial indirect cost proposal to the cognizant agency immediately after being notified that a grant providing for the reimbursement of indirect costs will be awarded. Where possible, this proposal should be submitted prior to the date the grant is awarded, and, in no event, later than three months after the effective date of the grant. The proposal, which will be used to establish a rate to permit reimbursement of indirect costs under the award, should normally be based on the organization's actual costs for its most recently completed fiscal year. However, if the organization is aware of factors that are expected to result in a significant change in the rate for the fiscal year during which the grant is to be performed, the proposal should be based on projected costs of that year.

2. Organizations that have previously established indirect cost rates with a cognizant Federal agency may be required to submit a new indirect cost proposal to the cognizant Federal agency within six months after the close of each fiscal year. The type of rate(s) reflected in the proposal and the fiscal year(s) on which it should be based will be governed by the specific circumstances involved:

   a. If a provisional rate was previously established for the most recently completed fiscal year, the proposal should reflect
      (1) a final rate for the completed year based on the actual costs of that year, and
      (2) a fixed, predetermined, or provisional rate for the subsequent year.

      Normally, the rate for the subsequent year should also be based on the actual costs of the most recently completed year. However, if the organization

is aware of factors that are expected to result in a significant change in the rate during the subsequent year, the rate computation should be based on projected costs of that year.

b. If a fixed or predetermined rate was previously established, the proposal should reflect a fixed, predetermined, or provisional rate for the fiscal year immediately following the year covered by the last negotiation. This rate should be based on the actual costs of the most recently completed year, or, if the factors described in subparagraph a. above are present, projected costs of the fiscal year covered by the rate.

3. The organization's initial proposal, as well as, each succeeding proposal should be accompanied by, and be cross-referenced and reconciled to, its independently audited financial statements for the fiscal year on which the proposal is based. If independently audited statements are not available, the recipient shall contact the cognizant Federal agency to determine what other financial documents will be acceptable to substantiate the amounts reflected in the proposal (e.g., internal financial statements). If a rate in the proposal is based on projected costs for a future year, the rate computation should be cross referenced and reconciled to the organization's budget for that year. In these cases, the future year's budget and the financial statements for the most recently completed year should be submitted with the proposal. Each proposal should also be accompanied by the additional supporting information requested by the cognizant Federal agency.

4. If an organization is unable to submit a proposal by the prescribed due date, it may request an extension of time from the cognizant Federal agency. This request should contain a justification for the extension and must specify the date the proposal will be submitted. Such requests will normally be approved only when they

are submitted on or before the due date of the proposal.

B. Negotiation of Rates

1. The cognizant Federal agency will review the indirect cost proposals submitted by recipient organizations and, based on these reviews, will negotiate appropriate indirect cost rates with the organizations.

2. The results of each negotiation should be formalized by a Negotiation Agreement signed by the appropriate cognizant agency official and an authorized representative of the recipient. Each agreement should include the following provisions:

   a. The agreed upon rate(s) and information directly related to the use of the rate(s) (e.g., type of rate, effective period, direct cost base, etc.)

   b. The treatment of fringe benefits as either direct or indirect costs.

   c. General terms and conditions of the Agreement.

   d. Special terms and conditions of the Agreement (if any).

   e. Additional information (if necessary) that may be needed by the users of the Agreement (e.g., the direct charging of a type of cost that is normally treated as indirect by other recipients).

3. Where possible, disputes arising in the negotiation of indirect cost rates should be resolved in accordance with any informal appeals procedures established by the cognizant Federal agency.

C. Notification to Organizations Without Established Indirect Cost Rates

SSA will notify those organizations which have not previously established indirect cost rates with SSA that they must establish such rates with the appropriate cognizant Federal agency if they wish to claim indirect cost reimbursement under SSA grants. This notification will be made immediately after the agency has determined that a grant providing for the reimbursement of indirect costs will be awarded. An alternative to establishing an Indirect Cost Rate Agreement is potential consideration of restating indirect costs as direct - administrative expenses.

3-85-50 SPECIAL PROCEDURES FOR CERTAIN RECIPIENTS

A. Local Government Agencies

1. Local government agencies (other than local education agencies) are not required to submit their indirect cost proposals unless they are specifically requested by the cognizant Federal agency. The specific procedures that a local government agency should follow in establishing its indirect cost rates are indicated below:

   a. Local government agencies that are not required to submit their proposals should establish their rates in accordance with the procedures described in subparagraphs 2. through 4. of this Paragraph 3-85-50A.

   b. Local education agencies should follow the procedures described in paragraph 3-85-50B.

   c. Local government agencies that are requested to submit their proposals to the cognizant Federal agency should establish their rates in accordance with the normal rate negotiation procedures described in Section 3-85-40.

2. Local government agencies that are not required to submit indirect cost proposals should nevertheless substantiate their claims for indirect cost reimbursement. This substantiation should be in the form of an indirect cost rate computation for each fiscal year in which indirect cost reimbursement is claimed. The computation along with supporting documentation should be available as of the time the claim is made and should be retained by the local government agency for possible audit by, or on behalf of, the cognizant Federal agency. The retention period shall be in accordance with the cognizant Federal agency's records retention regulations.

3. The local government agency should make an initial rate computation based on its estimate of the operating costs which will be incurred during the fiscal year in which a claim for indirect cost reimbursement will be made; and a subsequent rate computation after the actual costs of that period are known. If the rate based on estimated costs exceeds the rate based on actual costs and results in an over-reimbursement to the agency, an adjustment is required. Conversely, an adjustment may also be made if the actual rate exceeds the estimated rate and results in an under-reimbursement to the agency. In either situation, the local government agency may accomplish the adjustment through either of the two alternatives described in subparagraph 4. below.

4. The local government agency may elect to treat the estimated rate developed in accordance with subparagraph 3. above as either a fixed rate or as a provisional rate. However, once an election is made, the type of rate chosen may not be changed unless the change is approved by the cognizant Federal agency. If the local government agency elects to treat the estimated rate as a fixed rate, it may be required to "carry-forward" the difference between the estimated costs used to compute the fixed rate and the actual costs of the fiscal year covered by the rate as an adjustment to the rate computation for a subsequent year. This adjustment may

be required in the rate computation for the fiscal year beginning one year after the ending date of the fiscal year covered by the fixed rate (e.g., if the fixed rate covers the fiscal year ending September 30, 2000, the adjustment must be made in the rate computation for the fiscal year beginning October 1, 2001). Fixed rates should not be used if the Federally supported programs which provide for the reimbursement of indirect costs are expected to terminate or be substantially reduced before the "carry-forward" adjustment can be accomplished. (If this situation occurs after a local government agency elects to use fixed rates, a change to provisional rates should be made after notification to the cognizant Federal agency.) If the local government agency elects to treat the estimated rate as a provisional rate it may be required to subsequently develop a rate based on the actual costs of the period and, if necessary, retroactively adjust its claim for indirect cost reimbursement on each grant to reflect the difference between the provisional rate and the actual rate. Additional adjustments may also be required if an audit of the actual rate results in a change in the rate.

5. Where an audit of a local government agency's indirect cost computation results in a disagreement between the agency and the auditor, the disagreement will be resolved by the cognizant Federal agency.

B. Local Education Agencies

Local education agencies (LEA's) should submit their indirect cost proposals to their State department of education. The State department of education will be responsible for reviewing the proposals and negotiating appropriate predetermined or fixed rates with the LEA's in conformance with special agreements entered into between the cognizant Federal agency and each State.

Part 3 POST-AWARD REQUIREMENTS
Section 90 USE OF SPECIAL INDIRECT COST RATES

3-90-00 Background and Purpose
3-90-10 Scope
3-90-20 Policy
3-90-30 Procedures
X3-90-1 Specific Situations Which May Require the Use of Special Indirect Cost Rates
X3-90-2 Statement Concerning Off-site Activities
X3-90-3 Statement on the Treatment of Partially Off-site Projects

3-90-00 BACKGROUND AND PURPOSE

The use of a single, composite indirect cost rate applicable to all activities conducted by a recipient organization or to each broad program conducted by the organization (e.g., research) is generally desirable as a means of simplifying the procedures associated with the reimbursement of indirect costs. In some cases, however, the use of a single rate would result in a significantly inequitable distribution of costs. Where these inequities exist, it may be necessary to establish "off-site" or other special rates to properly reflect the amount of indirect costs applicable to certain activities conducted by the organization. Similarly, when the indirect costs generated by a major division(s) of an organization differ significantly from those generated by other divisions it may be necessary to establish a separate rate(s) for that division(s). This Section describes the conditions under which special and separate rates should be established and prescribes procedures to help insure that cognizant rate negotiation offices are informed of situations that may require the use of such rates. The Section also establishes procedures to facilitate the proper application of off-site rates to grant awards.

3-90-10 SCOPE

This Section generally applies to all SSA grants which provide for the reimbursement of indirect costs, except training grants awarded to institutions of higher education, hospitals, and other non-profit institutions. (See Section 3-105.) However, the procedural requirements in paragraphs 3-90-30 B. and C. apply only to grants which provide for the reimbursement of indirect costs based on indirect cost rates established by negotiation between a recipient and a cognizant Federal agency.

3-90-20 POLICY

A. Off-site and other special indirect cost rates should be established only when all of the following conditions are present:

   1. An activity is conducted within a physical or administrative environment which generates a significantly different level of indirect costs than the other activities of the organization.

   2. The special rate would be substantially lower or higher than the rate applicable to other activities.

   3. The rate would apply to a material amount of Federally supported direct costs.

B. Special rates should also be established when the provisions of enabling legislation applicable to a particular program impose restrictions against the reimbursement of certain types of indirect costs that would otherwise be properly allocable to the program.

C. A special rate should not be established if the sole reason for the rate would be to reflect cost sharing or matching arrangements. The procedures recipients should follow if they wish to cost share or match through

reductions in indirect cost reimbursement are contained in Section 3-45.

D. A separate rate for a major division of an organization should be established only where the aggregate activities conducted within the division meet the conditions described in paragraph 3-90-20A. above.

3-90-30 PROCEDURES

A. Indirect cost proposals prepared by recipients in accordance with Section 3-85 will reflect special rates or separate rates for major divisions of the organization in those instances where the recipient believes that its activities fall within the conditions described in paragraphs A., B., or D., of Section 3-90-20. Guidance on the specific situations which may require the use of special rates is provided in Exhibit X3-90-1. When one or more of these situations exist at an organization but the organization does not believe that a special rate is appropriate, its indirect cost proposal should include a description of the situation and a statement indicating its reason(s) for not developing a special rate.

B. Where an organization conducts activities at several different locations but believes that a composite rate covering all activities at such locations is appropriate, the locations should be specified in the organization's indirect cost proposal. If the use of the composite rate is accepted by the cognizant Federal agency, the locations covered by the rate will be listed in the Negotiation Agreement. This information will serve to inform users of the Agreement that these locations were considered during the negotiation and a composite rate was deemed appropriate.

C. Indirect cost proposals reflecting off-site rates should be accompanied by

(1) a precise, comprehensive statement describing the circumstances under which activities are considered "off-site,"
(2) a statement of the organization's policy concerning the treatment of projects or programs that are partially performed off-site, and
(3) a listing of specific off-site locations.

The listing of specific locations, however, may not be required when the locations are subject to frequent changes. Guidance on the preparation of the required statements is provided in Exhibits X3-90-2 and X3-90-3. If an off-site rate is ultimately established, the recipient's statements and the listing of off-site locations may be negotiated as part of the overall negotiation of the recipient's indirect cost rates and will be included in the Negotiation Agreement. This information will serve to aid the users of the Agreement in determining the proper applications of the recipient's rates to individual grant awards. (See Section 3-100-30.) If an off-site rate is not proposed by the recipient but is ultimately agreed upon during the negotiation, the cognizant Federal agency will obtain the required information from the recipient for inclusion in the Negotiation Agreement.

D. Recipients should specifically state in grant applications and expenditure reports whether the activities supported by the grant are conducted entirely on-site, entirely off-site, or partially off-site. If the activities are conducted partially off-site, the recipient should specify the portion conducted off-site. The recipient's statements and its treatment of off-site activities should conform to its established policies, which must be consistently applied regardless of the source of funding. For this purpose, the activities conducted at locations covered by a composite rate should be considered on-site. (See paragraph 3-90-30B.)

E. When a situation which may require the use of a special rate (as described in Exhibit X3-90-1) comes to the attention of SSA and a special rate covering the situation

has not been established, SSA should promptly notify the cognizant Federal agency. The notification, however, need not be made if:

1. The situation relates to a project(s) or program(s) that is funded at less than $50,000 annually and is not charged directly for costs that are normally treated as indirect costs (e.g , rent, utilities, maintenance of facilities, janitorial services, depreciation, use charges, etc.);

2. The indirect cost rate applicable to the project(s) or program(s) has already been finalized, predetermined, or fixed and the situation is not expected to exist beyond the period covered by the rate; or

3. The personnel working on the project(s) or program(s), although away from the organization's premises part of the time, return to the premises to do most of their work on the project(s) or program(s).

The cognizant Federal agency should evaluate the information provided by SSA and determine whether a special rate is necessary.

SPECIFIC SITUATIONS WHICH MAY REQUIRE THE USE OF SPECIAL INDIRECT COST RATES

A. The activity is conducted at a location other than on the organization's premises and indirect costs associated with the organization's facilities, such as operation and maintenance expenses, and depreciation and/or use charges, are not applicable to the activity. Similar costs associated with the facility in which the activity is conducted (e.g., rental costs) are normally treated as direct costs to specific projects or are treated as a separate indirect cost pool applicable only to activities conducted in this environment. (This is the most common situation which may require the use of a special rate. The special rate developed is termed "off-site" or "off-campus".)

B. The activity enjoys a higher degree of autonomy than the organization's other activities and certain lower level administrative and supporting functions included in the "normal" indirect cost rate such as departmental administration, procurement services, operation and maintenance of facilities etc., are not applicable to the activity. The cost of administering and supporting the activity are treated as direct costs or as a separate indirect cost pool applicable to the activity.

C. The activity is conducted in a facility which was specifically constructed and equipped with Federal funds to house a particular Federally supported program; and the depreciation and/or use charges included in the organization's normal indirect cost rate are not applicable to the activity.

D. The activity itself is part of the indirect cost pool. For example, the National Library of Medicine supports projects conducted in college and university libraries. Special treatment is necessary since the library represents one of the components in the university's normal indirect cost rate. This type of project has a two-fold effect:
   (1) a special rate may be needed to recognize the indirect costs within and outside the library which are applicable to the project; and
   (2) the indirect costs applicable to other projects require adjustment to preclude a double recovery of costs.

STATEMENT CONCERNING OFF-SITE ACTIVITIES

The organization's statement describing the circumstances under which activities are considered off-site must be based on the actual conditions existing at the organization. Where possible, the statement should be expressed in terms of either

(a) ownership of the facilities in which off-site activities are conducted,
(b) distance of the activities from the organization's principal place(s) of business,
(c) geographical location of the activities, or
(d) a combination of ownership, distance, or location.

If the statement cannot be expressed in terms of ownership, distance, or location (or any combination thereof), it should be expressed in terms of the specific "indirect" services provided to on-site activities that are not provided to off-site activities. Suggested language that may be used in developing the statement is provided below:

Conditions at Recipient Organization	Suggested Language
1. All activities conducted in facilities that are not owned organization are considered off-site.	"All activities conducted in facilities not owned by the organization are considered off-site ".
2. All activities conducted outside of a certain distance from the organization's principal place(s) of business are considered off-site.	"All activities conducted outside of a radius of (number of miles) from organization's principal place(s) of business are considered off-site."
3. All activities conducted outside of a certain geographical location are considered off-site.	"All activities conducted outside of the city (county, State, etc.) of (name of city) are considered off-site."
4. All activities conducted in facilities not owned by the organization and all activities conducted at field locations where no permanent facilities are used are considered off-site.	"All activities conducted in facilities not owned by the organization and all activities conducted at field locations where no permanent facilities are used are considered off-site."
5. All activities conducted in non-owned facilities, with certain exceptions, are	"All activities conducted in facilities not owned by the organization with the exception of those conducted

considered off-site.	in (names of facilities), are considered off-site. Activities conducted in (names of same facilities as above) are considered on-site."
6. All activities conducted outside of a certain distance from the organization's principal place(s) of business, with certain exceptions, are considered off-site.	"All activities conducted outside of a radius of (number of miles) miles of the organization's principal place of business, with the exception of those conducted in (names of facilities) are considered off-site. Activities conducted in (names of same facilities as above) are considered on-site.
7. All activities conducted outside of a certain geographical location, with certain exceptions, are considered off-site.	"All activities conducted outside of the city (county, State, etc.) of (name of city) with the exception of those conducted in (names of facilities), are considered off-site. Activities conducted in (names of same facilities as above) are considered on-site.
8. A statement in terms of ownership, distance, location (or any combination thereof) cannot be provided.	"All activities which are not provided (list indirect services included in on-site rate, but excluded from off-site rate) or which are charged directly for the costs of these services, are considered off-site."

STATEMENT ON THE TREATMENT OF PARTIALLY OFF-SITE PROJECTS

The recipient's statement of its policy on the treatment of projects or programs that are partially performed off-site should specify whether the project or program is apportioned between its on-site and off-site components. Suggested language that may be used in developing this statement is provided below.

1. Projects apportioned

   "Projects partially performed off-site are apportioned between their on-site and off-site components in instances where. . . (insert the circumstances under which projects are apportioned)."

2. Projects not apportioned

   "Projects partially performed off-site are not apportioned between their on-site and off-site components. If 50% or more of the indirect cost rate base costs of the project are determined to be on-site, the entire project is treated as on-site. If less than 50% of the indirect cost rate base costs are determined to be on-site, the entire project is treated as off-site."

Part 3 POST-AWARD REQUIREMENTS
Section 95 TREATMENT OF COSTS AND SERVICES PROVIDED BY AFFILIATED ORGANIZATIONS

3-95-00 Background and Purpose
3-95-10 Scope
3-95-20 Definitions
3-95-30 Policy
3-95-40 Procedures

3-95-00 BACKGROUND AND PURPOSE

A number of universities and other organizations have established closely affiliated but separately incorporated organizations to facilitate the administration of research and other programs supported by Federal funds. Typically, the parent organization provides considerable support services to its foundation, and the latter, as an SSA recipient, includes the cost of these services in its indirect cost proposal. The purpose of this Section is to prescribe the conditions under which these costs may be recognized as reimbursable charges to SSA grants.

3-95-10 SCOPE

This policy is applicable to all SSA grants. However, experience has indicated that the primary impact of this policy will be on those programs which provide for the reimbursement of indirect costs.

3-95-20 DEFINITIONS

Recipient Foundation - a non-profit corporation which was established primarily to benefit the interests of the parent organization.

Parent Organization - a college, university, hospital, state or local unit of government, or other non-profit

organization, that provides goods and services to its recipient foundation.

Affiliated - refers to the relationship between a parent organization and a recipient foundation where the parent has, by means of the foundation's articles of incorporation and/or by-laws, assured that the foundation will operate in the best interests of, and under an appropriate degree of control by the parent, so as to provide a grantor agency with a responsible recipient of Federal grant funds.

Costs - refers to allowable costs prescribed in 20 CFR Part 435.27, whether incurred by the parent organization or the recipient foundation. It excludes the value of in-kind contributions from third parties used to satisfy matching or cost sharing requirements.

3-95-30 POLICY

A. Costs incurred by an affiliated but separate legal entity in support of a recipient foundation are allowable for reimbursement by SSA only if one of the following conditions is met:

1. The recipient foundation is charged for, and is legally obligated to pay for, the services provided by the parent organization.

2. The affiliated organizations are subject to a state or local law which prescribes how Federal reimbursement for the costs of the parent's services will be expended and requires that a state or local official acting in his or her official capacity approve such expenditures.

3. There is a valid written agreement between the affiliated organizations whereby the parent organization agrees that the recipient foundation may retain Federal reimbursement of parent organization costs. The parent organization may either direct how

the funds will be used, or may permit the recipient foundation that discretion.

4. The affiliated organizations submit joint applications and the awards are made to them jointly.

B. If none of the conditions in Paragraph 3-95-30A. are met, the costs of the services provided by the parent organization to the recipient foundation are not allowable. However, the services are acceptable as third-party in-kind contributions for cost-sharing or matching purposes under the conditions described in 20 CFR Part 435.

3-95-40 PROCEDURES

The cognizant Federal agency will identify those recipient foundations that have included in their indirect cost proposals the costs of services provided by a parent organization. When these costs are included in a recipient foundation's proposal, they should be handled in accordance with the following procedures:

1. If one of the conditions described in 3-95-30A.1., 2., or 3. has been met, the costs should be included in the indirect cost rate negotiated with the recipient foundation and no special reference to the costs will be included in the Negotiation Agreement. The Negotiation Agreement should be issued in the name of the recipient foundation.

2. a. If the condition described in 3-95-30A.4. has been met, a special "Joint Rate" Negotiation Agreement may be issued. The Agreement should be issued in the name of the recipient foundation and should be prominently stamped with the words 'Joint Rates". The agreement should contain
   (1) a rate based on the combined costs of the recipient foundation and the parent organization,

(2) a rate reflecting only the costs incurred by the recipient foundation (where such costs can be segregated from those of the parent organization), and

(3) a special notation indicating the joint rate is based on the combined costs of the two affiliated organizations and should be used only when awards are made jointly to them.

b. If a recipient foundation for whom a "Joint Rate" Negotiation Agreement was issued subsequently meets one of the conditions described in 3-95-30A. 1., 2., or 3., the "Joint Rate" Agreement should be superseded by a "regular" Agreement.

c. Where a "Joint Rate" Negotiation Agreement is issued, SSA will use the joint rates only when an award is made jointly to the two affiliated organizations. If an award is not made jointly, the recipient foundation's separate rate will be used, or if a separate rate has not been established, all funds for the reimbursement of indirect costs will be withheld.

Part 3 POST-AWARD REQUIREMENTS
Section 100 REIMBURSEMENT OF INDIRECT COSTS

3-100-00 Purpose
3-100-10 Scope
3-100-20 Policy
3-100-30 Application of Indirect Cost Rates
3-100-40 Recipients That Fail to Submit Timely Indirect Cost Proposals
3-100-50 Normal Procedures For Award and Settlement of Indirect Costs
3-100-60 Special Procedures for Certain Recipients and Programs
X3-100-1 Use of "Locations" Column in Rate Agreements
X3-100-2 Formula for Award and Settlement of Indirect Costs Based on Late Submission of Indirect Cost Proposals
X3-100-3 Letter to Recipient Adjusting Unobligated Balance
X3-100-4 Letter to Recipient Adjusting Unobligated Balance Without Providing Additional Funds

3-100-00 PURPOSE

The purpose of this Section is to prescribe SSA's policies and procedures governing the reimbursement of indirect costs.

3-100-10 SCOPE

This section applies to all SSA discretionary grants (including cooperative agreements). However, it applies to training grants awarded to institutions of higher education, hospitals, and other non-profit institutions only where the institution's actual indirect cost rate applicable to such grants is less than 8% of total direct costs. (See Section 3-105).

3-100-20 POLICY

Formula Grants

Formula grants will be awarded and settled in accordance with the applicable legislative and programmatic provisions.

Project Grants

1. Except as otherwise provided in Section 3-105 and in this section, all project grants awarded by SSA shall include funds for the amount of indirect costs applicable to the grants, based on the most current rate(s) available at the time of the award.

2. Indirect costs shall be limited or prohibited as follows:

   a. Indirect costs shall not be included in awards for:

      1. Fellowships and similar awards under which Federal financing is exclusively in the form of fixed amounts or the normal published tuition rates of an institution.

      2. Construction grants.

      3. Grants to individuals.

      4. Grants to organizations located outside the territorial limits of the United States.

      5. Grants to Federal organizations.

      6. Grants in support of conferences.

   b. Indirect cost reimbursement on grants awarded under programs with statutory prohibitions or limitations against the reimbursement of

indirect costs shall be made in accordance with the restrictions.

3. a. The total amount awarded (direct plus indirect) shall constitute a ceiling on the amount payable to the recipient for a grant. The award of a grant shall not obligate the Government to make any supplemental or other award for additional indirect costs or for any other purpose.

   b. If funds are available, grants may be amended to provide additional funds for indirect costs in the following, and no other, cases:

      1. An error made by SSA in computing the award.

      2. Restoration of funds previously recaptured by SSA as part of a recipient's unobligated balance.

      3. New or delinquent recipients for whom valid indirect cost rates are established subsequent to an award.

      4. Indirect costs associated with any additional direct costs awarded for the expansion or extension of a project. Additional direct costs awarded for other reasons may be accompanied by associated indirect costs at SSA's option.

   c. Recipients may rebudget between direct and indirect costs (in either direction) without prior Federal approval, not to exceed the negotiated indirect cost rate. However, there are other prior approval requirements, included in 20 CFR 435 which require prior approval for any change in project scope or objectives. Thus, for example, a rebudgeting between direct and indirect costs that changes the project's scope or objectives will require SSA approval, but if no change in project scope or objectives is involved, the recipient need not obtain SSA approval.

4. Sometimes, in making an award, an earlier period's indirect cost rate, or a provisional indirect cost rate, is used to compute the indirect costs for all or part of an award. In those cases, if a lower rate subsequently becomes available, SSA will not amend the award to reflect the lower rate, unless the recipient is delinquent as described in Sections 3-100-40 and 50. For nondelinquent recipients, any reduction or recovery necessary because of a lower rate shall take place at final settlement based on financial reports submitted by the recipient.

5. When a recipient wishes to provide cost sharing or matching in the indirect cost category, the amount of indirect costs applicable to the grant shall be reduced to reflect the matching or cost sharing agreement between the recipient and SSA.

6. Indirect cost reimbursement shall be based on the indirect cost rates established by recipients in accordance with the policies and procedures in Section 3-85. Recipients that fail to submit timely indirect cost proposals in accordance with Section 3-85 will be deemed as not having a currently effective indirect cost rate and shall not be funded or reimbursed for indirect costs during the period of delinquency. If a rate is subsequently established, based on the late submission of an indirect cost proposal, indirect cost reimbursement shall be limited to the indirect costs applicable to the time after the indirect cost proposal is submitted.

7. The following rules apply when a provisional indirect cost rate or a rate applicable to an earlier period is used to calculate the reimbursement of indirect costs on a financial status report.

   a. Such indirect costs must be adjusted downward, if Appropriate, when a new lower permanent rate (i.e., final, predetermined, or fixed) is established.

b. They may also be adjusted upward (based on a higher rate) at the recipient's request, but not to exceed the unobligated balance of the grant.

c. If the recipient fails to establish a permanent rate, any indirect costs previously reimbursed based on the provisional or earlier permanent rate may be disallowed.

8. The amount of direct and indirect costs requested shall be included in each application considered by any grant application review panel. However, such panels shall have no authority to change indirect cost rates or restrict the application of those rates.

9. Indirect cost limitations or prohibitions not provided for in this Section shall be regarded as policy deviations and be subject to the deviation control procedures in Section 1-03.

3-100-30 APPLICATION OF INDIRECT COST RATES

A. 1. The amount of indirect costs applicable to a grant supported project shall be determined by multiplying the appropriate indirect cost rate(s) by the allowable direct cost base of the project. Unless the grant is subject to a limitation or prohibition described in Section 3-100-20, the recipient may charge to the grant any part of the applicable indirect costs which can be accommodated within the total Federal funds authorized for that budget period.

2. If the recipient provides a cost sharing contribution in a direct cost category used in computing the direct cost base, the indirect costs applicable to the contributed direct costs may not be claimed for Federal reimbursement under the grant. (The indirect costs applicable to the

contributed direct costs may, however, be counted as part of the recipient's total contribution.)

B. In applying indirect cost rates to individual grants to compute either the amount to be awarded or the amount to be claimed for Federal reimbursement, the rates established for the periods in which the direct costs are or will be actually incurred under the grants shall be applied to those costs. Consequently, when a grant budget period does not coincide with the recipient's fiscal year it will be necessary to use two rates in computing the amount of indirect costs applicable to the grant (i.e., the rates established for the two fiscal years during which the grant was or will be performed).

Example:
Rate for fiscal year ending June 30, 1999 -- 35%

Rate for fiscal year ending June 30, 2000 -- 30%
Grant period -- March 1, 1999 to February 28, 2000

Direct base costs incurred under grant:
March 1, 1999 to June 30 1999 -- $30,000
July 1, 1999 to February 28, 2000 -- $20,000

Application of Rates:

35% x $30,000	=	$10,500
30% x $20,000	=	$6,000
Total Indirect Costs		$16,500

C. The selection of the rate(B) and the direct cost base shall be in accordance with the information contained in the Rate Agreement published by the cognizant Federal agency. The physical and/or administrative environment of the activities covered by each rate will be indicated in the "Locations" column of the Agreement. Guidance on the use of the information contained in this column is provided in Exhibit X3-100-1.

3-100-40 RECIPIENTS THAT FAIL TO SUBMIT TIMELY INDIRECT COST PROPOSALS

A. The cognizant Federal agency should identify those recipients that fail to submit timely indirect cost proposals in accordance with Section 3-85. SSA will be notified by the cognizant Federal agency that an organization's proposal is delinquent by republishing the organization's most recent Rate Agreement with the word "Delinquent" stamped on its face. When that happens, the recipient will be deemed as not having a currently effective indirect cost rate. Paragraph 3-100-50.2. describes the actions that SSA must take in the absence of a currently effective rate.

B. The notification described in subsection A. above will also state the fiscal year for which a proposal has not been submitted. If indirect costs were provisionally reimbursed during the fiscal year cited in the notification, SSA shall notify the organization that it must substantiate its claim for reimbursement by submitting an indirect cost proposal reflecting a permanent rate for the year. SSA's notification shall allow the recipient 30 days to submit the proposal and request the recipient to send to SSA a copy of the proposal transmittal letter. If the proposal is not submitted within the 30 day period, SSA will take action to recover the unsubstantiated amounts. SSA shall also take action to recover any amounts provided to the recipient for indirect costs for periods after the fiscal year for which a proposal is delinquent.

3-100-50 NORMAL PROCEDURES FOR AWARD AND SETTLEMENT OF INDIRECT COSTS

1. Recipients With Currently Effective Indirect Cost Rates

   a. Project grants (other than those subject to the limitations or prohibitions described in Section 3-100-20) awarded to organizations with currently

effective indirect cost rates shall include funds for the full amount of indirect costs applicable at the time of the award. SSA will base the amount included in the award on the rate(s) reflected in the Rate Agreement published by the cognizant Federal agency.

b. If a provisional rate or a permanent rate of an earlier period is used in the award and is subsequently replaced by a lower rate affecting the grant period, SSA will not amend the award to reflect the new rate.

c. Each grant Financial Status Report submitted by the recipient shall reflect the proper amount of indirect costs applicable to the grant based on the most current rate(s) available at the time the report is submitted. If a provisional or an earlier period's permanent rate is used in the report, a subsequent adjustment will be necessary if a lower permanent rate(s) is established. In these cases the recipient shall submit a revised Financial Status Report reflecting the downward adjustments for each grant resulting from the differences between the provisional rate(s) and the permanent rate(s). No report will be processed as a Project Period final report for a grant unless a fixed, permanent or final rate has been established for the project period of the award.

d. When one or more permanent rates covering the entire reporting period are used in the grant Financial Status Report, no subsequent adjustments to indirect costs reflected in that report will be accepted except for recipients which had never established an indirect cost rate and which satisfy the requirements of subparagraph 3-100-50.2.b.

2. Recipients Without Currently Effective Indirect Cost Rates

a. Delinquent Recipients

(1) When a currently effective indirect cost rate is not available at the time of an award because the recipient was delinquent in the submission of its indirect cost proposal, the award shall not include funds for the reimbursement of indirect costs. SSA will also take immediate action to recover any funds contained in a current award for indirect costs of the delinquent period. If the recipient subsequently establishes a currently effective rate, SSA may, at its discretion, amend the award to provide an appropriate amount for indirect costs if the amendment can be made within the same Federal fiscal year in which the initial award was made. This amount, however, shall be limited to the indirect costs applicable to the time after the date of the recipient's proposal, computed in accordance with the formula in Exhibit X3-100-2.

(2) When a grant is awarded or amended without funds for the reimbursement of indirect costs, such costs shall not be allowed on the Financial Status Report(s) submitted under the grant. If the award was amended to provide funds for indirect cost reimbursement, the indirect costs allowed on the Financial Status Report shall be computed on the same basis as was used to compute the amount provided to the recipient in the amended award. For example, if funds for indirect costs equal to 10% of the direct costs were provided in the amended award (based on the formula in Exhibit X3-100-2), only indirect costs of 10% shall be allowed on the Financial Status Report.

b. Recipients That Have Never Established Indirect Cost Rates

In some cases, a currently effective indirect cost rate will not be available at the time of an award because the recipient has never established a rate with the cognizant Federal agency in the past and is unable to establish its initial rate prior to the date of the award. In this instance, the amount of indirect cost awarded will be based on the amount proposed in the indirect cost proposal, but will be restricted and unavailable for expenditure until a rate has been established. SSA will notify the recipient of the requirement to submit its initial indirect cost proposal to the cognizant Federal agency within three months of the effective date of the award and advise the cognizant Federal agency of this action. If the recipient subsequently submits a timely indirect cost proposal and establishes a rate, the restriction prohibiting the expenditure of grant funds awarded for indirect costs will be removed. SSA should assume that the recipient's indirect cost proposal was submitted on time unless a statement to the contrary is included in the Rate Agreement. If the recipient established an indirect cost rate before submitting the Financial Status Report, the grant will be subject, if not already amended, to the normal indirect cost settlement procedures described in paragraph 3-100-50.1.

3-100-60 SPECIAL PROCEDURES FOR CERTAIN RECIPIENTS AND PROGRAMS

A. Local Government Agencies That Are Not Required To Submit Indirect Cost Proposals

1. Local government agencies that are not required to submit their indirect cost proposals may charge indirect costs to SSA grants based on the rate computations that they prepared. (See subsection 3-85-50A.) In the absence of a Rate Agreement published by the cognizant Federal agency, SSA shall reimburse

indirect costs to local government agencies based on the rates proposed by the latter.

2. Local government agencies that elect to treat their indirect cost rates as fixed rates shall use the fixed rates applicable to each grant period to compute the indirect costs included in their grant applications and Financial Status Reports. No subsequent adjustments to the amounts included in the Financial Status Reports will be required. However, the recipient shall be required to comply with the "carry forward" procedures described in paragraph 3-85-50A.4.

3. Local government agencies that elect to treat their indirect cost rates as provisional and final rates shall use the appropriate provisional rates in their grant applications and, where possible, the final rates in their Financial Status Reports. Requirements for subsequent adjustments to the amounts included in the Financial Status Report will depend on whether a final rate is used in the Report:

   a. If a final rate(s) covering the entire reporting period is used in the Financial Status Report, subsequent adjustments to the indirect costs included in the Report shall be required only where an audit of the rate results in a change in the rate.

   b. If a provisional rate is used in the Financial Status Report, subsequent adjustments to the indirect costs included in the Report shall be required (for downward adjustments) or accepted (for upward adjustments within any applicable ceiling) when the final rate is established. Additional adjustments to these costs shall also be required if an audit of the rate results in a change in the rate.

   c. The adjustments described in subparagraphs a. and b. above will not be required if

(1) the changes in the rates do not affect the dollar amount of indirect costs reimbursed to the recipient or
(2) the adjustments are upward adjustments and the recipient does not wish to claim additional indirect cost reimbursement.

B. Local Education Agencies

Local education agencies (LEA's) may charge indirect costs to SSA grants based on rates approved by their State departments of education. (See subsection 3-85-50B.) Since these rates will generally be either predetermined or fixed, the indirect costs claimed by the LEA's in their Financial Status Reports will not normally be subject to adjustments.

USE OF "LOCATIONS" COLUMN IN RATE AGREEMENTS

A. In most cases, the Rate Agreement published by the cognizant Federal agency will reflect a single rate applicable to all activities conducted by the organization covered by the Agreement or a rate applicable to each broad program conducted by the organization (e.g. research). In some cases, however, the physical and/or administrative environment in which certain activities are performed will require the establishment of "off-site" or other special rates or separate rates for certain major divisions of the organization. The conditions under which special and separate rates should be established are described in Section 3-90.

B. The administrative and/or physical environment of the activities covered by each rate reflected in the Rate Agreement should be indicated in the "Locations" column of the Agreement. Instructions on the use of the information contained in this column are provided below. However, in using this information, SSA should be alert to situations which may require the use of special rates even though such rates are not reflected in the published Rate Agreement. When these situations come to SSA's attention and a special rate covering the situation has not been established, SSA may be required to notify the appropriate cognizant Federal agency before using the published rate. (See Section 3-90, subsection 3-90-30E, and Exhibit X3-90-1.)

INFORMATION CONTAINED IN "LOCATIONS" COLUMN	APPLICABILITY OF RATES
1. "All" Locations	All activities, regardless of physical location or administrative environment. When this rate is used, costs associated with the occupancy of facilities (e.g. rent, utilities, maintenance of facilities, janitorial services, depreciation, use charges, etc.) should not be allowed as direct charges to grant awards unless a specific provision to the contrary is included in the Rate Agreement.
2. On-site (campus) and off-site (campus) rates	<u>Projects conducted entirely on-site or entirely off-site</u> The on-site rate applies to all projects conducted on-site; the off-site rate applies to all projects conducted off-site. If the off-site rate has not been identified with a specific location, it applies to all off-site projects, including projects conducted in Government facilities (e.g., Veterans Administration hospitals). If a specific off-site location is identified with the rate, it applies only to those activities conducted at that location. When an off-site rate is established, the Rate Agreement will normally indicate the specific circumstances under which

activities are considered "off-site". (See Exhibit X3-90-2.)

Projects conducted partially off-site and partially on-site.

The treatment of partially off-site projects varies among recipient organizations. Some organizations apportion all such projects between their on-site and off-site components and apply separate rates to each component; others consider such projects as entirely on-site or entirely off-site based on the location at which most of the direct base costs (direct salaries and wages, or total direct costs) of the projects are incurred; still others apportion certain projects but do not apportion others, depending on the circumstances in each case. The Rate Agreement will normally specify the treatment of partially off-site projects. (See Exhibit X3-90-3.) If the Agreement does not do so, treatment accorded the project by the recipient should be accepted, subject to audit.

3. Other special rates (such as General Clinical Research Centers, Primate Centers, and special laboratories)

These rates apply only to the facility or program to which they are identified.

4. Separate rates for major divisions of the organization (e.g., campuses or schools of a university, constituent agencies of a State department, etc.)

Each divisional rate applies to the projects administered by the division identified. If on-site and off-site rates are established for the division, proper application of the rates involves a two-step process:

a. The division responsible for administering the project should be identified and

b. A determination should be made as to whether the project is conducted on-site or off-site in accordance with paragraph 2 above.

FORMULA FOR AWARD AND SETTLEMENT OF INDIRECT COSTS BASED ON LATE SUBMISSION OF INDIRECT COST PROPOSALS

Under the procedures described in subparagraph 3-100-50.2.a., where a "delinquent" recipient is awarded indirect costs based on the late submission of an indirect cost proposal, the amount awarded and allowed on the Financial Status Report shall be limited to the indirect costs applicable to the period subsequent to the date of the proposal. This limitation will be based on the following formula.

$$\frac{\text{Number of whole months remaining in grant budget period counting from the first day of the month in which the proposal was submitted}}{\text{Total months in grant budget period}} \times \text{Total amount of indirect costs applicable to the grant}$$

Example

Recipient fiscal year for which proposal is late -- 7/1/84 to 6/30/85
Date of proposal -- 8/3/86
Grant Budget period -- 4/1/86 to 3/31/87

Indirect Cost Rates:
Fiscal year 7/1/85 to 6/30/86 - 20%
Fiscal year 7/1/86 to 6/30/87 - 25%

Direct Base Costs in Grant Budget:
4/1/86 to 6/30/86 - $20,000
7/1/86 to 3/31/87 - $80,000

Total Amount of Indirect Costs Applicable to Grant:
20% x S20,000 = $ 4,000
25% x $80,000 = $20,000
Total $24,000

Amount Awarded Limited to:

$$\frac{\text{8 months (8/1/86 to 3/31/87)}}{\text{12 months (4/1/86 to 3/31/87)}} \times \$24{,}000 = \$16{,}000$$

Social Security Administration

LETTER TO RECIPIENT ADJUSTING UNOBLIGATED BALANCE

Reference Grant Number:

Dear Mr./Dr./Ms.

This is in reference to the grant awarded to your organization entitled,"_____," which terminated on _____.

The final Financial Status Report submitted by your organization on _____indicates an obligated Federal balance of $_____ for the period beginning on _____ and ending _____.
Also, the report reflects the application of a provisional indirect cost rate of __ percent of $_____ for the period _____.

Since a final indirect rate has been established subsequent to the submission of the report, we have adjusted the report to reflect the application of the final indirect cost rate of __ percent of the base amount of $ _____.

The revised unobligated balance after the adjustment is $_____ which is to be withdrawn and no longer available for obligation. Instructions for recovery of these funds will be provided at a later date.

A copy of the adjusted report is enclosed. Please make the appropriate adjustments to your records.

If you any questions regarding this matter, please contact Mr. Dave Allshouse, Grants Management Specialist, telephone (410) 965-9262.

Sincerely,

Phyllis Y. Smith,
Grants Management Officer
Office of Operations Contracts and Grants
Office of Acquisition and Grants,
Social Security Administration
7111 Security Blvd.
1st Floor Rear Entrance
Baltimore, Maryland 21244
Telephone (410) 965-9518

cc:

bcc:

Social Security Administration

LETTER TO RECIPIENT ADJUSTING UNOBLIGATED BALANCE TO AMOUNT CLAIMED WITHOUT PROVIDING ADDITIONAL FUNDS

Reference Grant Number:

Dear Mr./Dr./Ms. _____:

This is in reference to the grant awarded to your organization entitled,
"_____,"
which terminated on _____.

(Optional - Where there is no unobligated balance)

The final Financial Status Report submitted on _____ indicates that
there is no unobligated balance-of Federal funds for the period beginning on _____ and ending _____ .
Also, the report
reflects the application of a provisional indirect cost rate of __ percent of $_____ for the period
_____.

Since a final indirect cost rate has been established, we have adjusted the report to reflect the application of the final rate of __ percent to the base amount of $_____.
A copy of the adjusted report is enclosed. The adjustment reflects that there is a deficit of $_____claimed for indirect costs based on the final rate.
However, as referenced on the Notice of Grant Award issued _____ the total amount of funds awarded (direct and indirect) constitute a ceiling on the amount payable under the grant. Therefore, no additional funds will be provided for the indirect cost.

(Optional - Where there is an unobligated balance)

The final Financial Status Report submitted on _____ indicates that there is an unobligated balance of $_____ in Federal funds remaining for the period beginning on _____ and ending _____.

Also, the report reflects the application of a provisional indirect cost rate of __ percent of $_____ for the period _____.

Since a final indirect cost rate has been established, we have adjusted the report to reflect the application of the final rate of __ percent to the base amount of $_____. A copy of the adjusted report is enclosed. The adjustment reflects that, after applying the unobligated balance, there is a deficit of $_____ claimed for indirect costs based on the final rate. However, as referenced on the Notice of Grant Award issued _____, the total amount of funds awarded (direct and indirect) constitute a ceiling on the amount payable under the grant. Therefore, no additional funds will be provided for the indirect cost.

If you have any questions regarding this matter, please contact Mr. Dave Allshouse, Grants Management Specialist, telephone (410) 965-9262.

Sincerely,

Phyllis Y. Smith,
Grants Management Officer
Office of Operations Contracts and Grants
Office of Acquisition and Grants,
Social Security Administration
7111 Security Blvd.
Baltimore, Maryland 21244
Telephone (410) 965-9518

Part 3 POST-AWARD REQUIREMENTS
Section 105 REIMBURSEMENT OF INDIRECT COSTS ON TRAINING GRANTS

3-105-00 Background and Purpose
3-105-10 Scope
3-105-20 Definition of Training Grant
3-105-30 Policy
3-105-40 Procedures for Determining Whether Actual Indirect Costs Equal or Exceed 8%
3-105-50 Procedures for Award and Settlement of Indirect Costs on Training Grants and Determining Whether the Actual Indirect Cost Rate for Training Equals or Exceeds the 8% Limitation

3-105-00 BACKGROUND AND PURPOSE

SSA's general policy on the reimbursement of indirect costs, as enunciated in Section 3-100, provides that SSA's programs will pay for indirect costs applicable to the programs. To be consistent with SSA grants policy, this Section limits reimbursement of indirect costs on training grants awarded to institutions of higher education, hospitals, and other non-profit institutions to 8% of total direct costs. The Section also provides procedures for determining whether an institution's actual indirect costs applicable to training grants equal or exceed the 8% limitation and procedures for the award and settlement of indirect costs on training grants.

3-105-10 SCOPE

This Section applies to all training grants awarded to institutions of higher education, hospitals, and other non-profit institutions. The Section also applies to training subgrants and cost-type training contracts awarded to such institutions under SSA grants made to other organizations. The Section is not applicable to training grants (or to training subgrants or contracts under SSA grants) awarded to State or local government agencies.

3-105-20 DEFINITION OF TRAINING GRANT

A. For the purposes of this Section the term "training grant" means any grant under which Federal financing is provided on a cost reimbursement basis for all or an agreed portion of the costs incurred for training or other educational services. Typical of the work covered by training grants are summer institutes, training programs for selected participants, the development and introduction of new or expanded courses, and similar instructional oriented undertakings, including special research training programs, that are separately budgeted and accounted for by the institution. The term "training grant" also includes subgrants and cost-type contracts awarded under SSA grants where such subgrants or contracts are awarded for the purposes described in this paragraph.

B. The term "training grant" does not extend to arrangements under which Federal financing is exclusively in the form of scholarships, fellowships, traineeships, or other fixed amounts such as a cost of education allowance or the normal published tuition rates and fees of an institution. Such arrangements do not provide for the reimbursement of indirect costs.

3-105-30 POLICY

A. Indirect costs on training grants will be allowed at the lesser of the institution's actual indirect costs or 8% of total direct costs.

B. Costs which are normally considered to be indirect will not be allowed as direct charges to training grants unless
   (1) such treatment is consistent with the institution's accounting policies, and
   (2) the costs can be identified specifically and exclusively with the activities performed under the

training grant and would not have been incurred but for those activities.

When "indirect type" costs are proposed by an institution as direct charges to a training grant, SSA will insure that such charges meet the conditions of the preceding sentence. In determining whether costs should be treated as direct or indirect, reference should be made to applicable OMB cost principles.

C. Institutions receiving training grants will be responsible for determining whether their actual indirect costs applicable to the grants equal or exceed 8%. To avoid the imposition of unnecessary administrative burdens on the institutions, the submission of a formal indirect cost proposal will not normally be required. However, institutions will be expected to have adequate documentation available to permit verification during the course of a regular audit review that their actual rate equals or exceeds the 8% limitation. Such documentation will be retained for the period stipulated in SSA's grants regulations applicable to records retention.

3-105-40 PROCEDURES FOR DETERMINING WHETHER ACTUAL INDIRECT COSTS EQUAL OR EXCEED 8%

The procedures institutions should follow in determining whether their actual indirect cost rate applicable to training grants equals or exceeds the 8% limitation are described in Exhibit 3-105-50.D. These procedures are designed only to determine whether the actual rate equals or exceeds the limitation; they are not intended to prescribe the manner in which the actual rate should be developed. If the rate developed in accordance with these procedures is less than 8%, or if an audit discloses that the rate is less than 8%, the institution should develop an actual rate based on applicable OMB cost principles. In these cases, the institution should submit a formal indirect cost proposal to the cognizant Federal agency and should establish its actual rate in accordance with the normal rate negotiation procedures described in Section 3-85.

3-105-50 PROCEDURES FOR AWARD AND SETTLEMENT OF INDIRECT COSTS ON TRAINING GRANTS AND DETERMINING WHETHER THE ACTUAL INDIRECT COST RATE FOR TRAINING EQUALS OR EXCEEDS THE 8% LIMITATION

A. SSA will be notified of those recipients whose actual indirect cost rates are less than 8% through normal issuance procedures for issuing a Negotiation Agreement, reflecting the actual rate.

B. In the absence of the notification described in paragraph A. above, SSA will assume that the institution's actual rate equals or exceeds the 8% limitation and will award and settle indirect costs on training grants based on the 8% rate. Such grants, however, will indicate that the rate is a ceiling rate and is subject to downward adjustment if the recipient's actual rate is subsequently found to be less than 8%.

C. If SSA subsequently learns that a recipient's indirect cost rate applicable to training grants is less than 8%, award and settlement of indirect costs on the grants will be in accordance with the normal award and settlement Procedures contained in Section 3-100.

D. To determine whether the actual indirect cost rate for training equals or exceeds the 8% limitation.

For those institutions that have established (in accordance with Section 3-85) either
(a) a single indirect cost rate applicable to all institutional programs, or
(b) a rate whose base includes the direct costs of activities conducted under SSA training grants, the following procedures should be followed:

1. If the established rate is based on direct salaries and wages (S&W), convert the S&W rate to a rate based on

total direct costs. The total direct cost base must include the same activities used to develop the S&W base.

2. If the established rate is based on total direct costs, the rate will be considered as being applicable to training grants.

Part 3 POST-AWARD REQUIREMENTS
Section 110 ALTERATION & RENOVATION OF FACILITIES UNDER DISCRETIONARY GRANT PROGRAMS W/O CONSTRUCTION AUTHORITY

3-110-00 Background and Purpose
3-110-10 Scope
3-110-20 Approval Conditions
3-110-30 Allowable and Unallowable A&R Costs

3-110-00 BACKGROUND AND PURPOSE

A. SSA grants often support activities that require some modification of the facilities which the grantee will use. However, SSA's program statutes do not authorize assistance for the costs of new construction or large-scale permanent improvements to non-Federal real property. This means that, for most programs, limited alterations and renovations (A&R) may be allowed, but new construction and large-scale A&R are unallowable.

B. This section provides policies and standards for use by SSA in deciding whether to approve A&R direct costs proposed by a grantee. The purpose of this section is to assure that SSA authorizes A&R charges only where legally permissible and otherwise appropriate.

C. The allowability of maintenance and repair costs is not within the scope of this section.

3-110-10 SCOPE

This section applies to all grant programs except those with explicit statutory authority to support construction.

3-110-20 APPROVAL CONDITIONS

A. A&R costs may be approved only when they meet the cost principles' general standards of reasonableness, necessity and allocability, and the following special conditions:

1. The grant is not awarded to a foreign organization or to an individual.

2. The building has a useable life (and a lease, if necessary) consistent with program purposes and can be readily modified to meet program requirements.

3. The A&R is incidental to and essential for the grantee's project or program, and the space involved will actually be occupied by the project or program. Costs may be considered incidental if they are limited to the lesser of $150,000 or 25 percent of total direct costs expected to be approved for the entire project period. This limit may be exceeded only when an SSA official who has line authority over the Grants Management Officer determines in writing that the costs are legally supportable under the program's authorizing legislation.

B. For A&R costs of $75,000 or more, SSA shall obtain engineering advice from the appropriate SSA component on cost and technical factors.

C. Particular care should be exercised in approving A&R costs for grantees that are financially unstable (See Section 2-15).

3-110-30 ALLOWABLE AND UNALLOWABLE A&R COSTS

A. In connection with existing buildings, A&R costs shall be limited to the costs of work required to:
   1. Make non-structural changes;
   2. Improve other facilities on the property; or
   3. Install equipment.

B. For buildings or facilities being planned, or in incomplete buildings, A&R costs shall be limited to the difference between the cost of completing the interior space for general use, and the cost of adapting the space and utilities to meet specific program requirements.

C. The costs of structural changes to foundations, roofs, floors, or exterior or load-bearing walls, and the costs of extending a building to increase its floor area, are unallowable.

Part 3 POST-AWARD REQUIREMENTS
Section 115 TERMINATION AND ENFORCEMENT

3-115-00 Purpose and Scope
3-115-10 Policy
3-115-20 Enforcement Actions

3-115-00 PURPOSE AND SCOPE

A. Purpose
This section outlines SSA policies for actions, collectively termed "enforcement," that may be taken by SSA in the event of grantee non-compliance with the terms and conditions of award. Termination is one of several types of enforcement actions covered by this section.

B. Scope
This section supplements the provisions of 20 CFR Parts 435 and 437, and of other regulations, covering particular subject areas. Therefore, it covers actions that may be taken on an institutional basis or a grant-by-grant-basis or that may affect the participation of a Principal Investigator (PI) or other key individuals. It also supplements the coverage of GAM section 2-15, "High Risk Grantees", which deals with a specific type of enforcement action—designation of a grantee as "high-risk/special award conditions." Although this section deals primarily with actions that may be taken following award, it also addresses actions that may result in an award(s) not being made on the basis of a grantee’s prior action or inaction. This section applies to all SSA grants.

3-115-10 Policy

A. Enforcement actions should be used when necessary and appropriate, but they should be consistent with the type, duration, and significance of the grantee’s non-compliance and with the objective SSA wants to achieve. When contemplating enforcement actions, it is encouraged to use

alternative dispute resolution (ADR) techniques (see Section 3-120) where possible to avoid the need for an enforcement action(s).

B. Enforcement actions vary in their significance and severity. Administrative enforcement actions include temporarily withholding cash payments or placing a grantee on a reimbursement payment method, suspending or terminating an ongoing award(s), suspending or debarring an organization from future awards, disallowing costs, and withholding support (i.e., denial of a noncompeting continuation award). Each of these types of enforcement actions is discussed in the following section, including, as appropriate, responsible offices/officials, use considerations, effect, and other pertinent information, such as appeal rights. In addition, there may be other legal remedies available in a given situation.

C. Enforcement is an extension of monitoring. As part of the monitoring process, SSA should be reviewing both the programmatic and business management aspects of grantee performance and compliance. Based on the documented findings of the monitoring process, including timely review of reports (e.g., financial status reports and progress reports) and site visits, the grantee should be advised of any problems noted and be given the opportunity to correct them, as appropriate.

D. In general, there is no single triggering event that mandates that SSA take a particular enforcement action; however, there may be instances in which termination is the most appropriate first course of action and is necessary to protect the interests of the Government and the public. Otherwise, enforcement actions (singly or in combination) should escalate in severity based on the demonstrated unwillingness or inability of the grantee to take corrective action, as specified by SSA.

E. The Grants Management Officer is required to take timely action to advise grantees of non-compliance and take appropriate enforcement action(s). Generally, this should

occur within 60 days of a documented finding. With respect to a delinquent report, the Grants Management Officer should advise a grantee of noncompliance when a report is overdue, as explained in Section 3-15, Overdue Reports - Discretionary Grants.

F. Following notification of non-compliance, if time frames are not established in regulation, the Grants Management Officer must ensure that any time frames provided to grantees to take corrective action or that indicate SSA's intention to withhold or discontinue funding are reasonable. This does not preclude immediate action if necessary to protect the interests of the Government and the public.

G. In general, a Grants Management Officer (GMO) is the only individual authorized to take an enforcement action, including notification of intent to take an enforcement action, as well as, the action itself [exceptions are discussed below in the section titled Government-wide Suspension and Debarment]. However, whenever suspension or termination, withholding of support, or Government-wide suspension or debarment is being contemplated, senior program and administrative managers of SSA and the Office of General Counsel (OGC) should be consulted prior to advising the grantee of the intended action.

Once SSA decides to proceed with an enforcement action, depending on the significance of the action, the letter or other document may be co-signed by another management official of SSA in addition to the GMO. If SSA will be notifying a grantee of a cost disallowance based on audit findings and demanding repayment, that individual must have a valid GMO delegation.

3-115-20 Enforcement Actions

A. <u>Temporarily withholding cash payments or using reimbursement method of payment.</u>

1. A grantee’s ability to draw down funds from the payment system may be temporarily restricted as a means of obtaining a delinquent report(s) or causing other types of corrective actions that may be accomplished by the grantee within a relatively short period of time. It results in increased administrative effort on the part of SSA, and requires close coordination with the payment office. Withholding cash payments are not appealable.

2. A grantee may be converted from an advance payment basis to a reimbursement payment method or placed on a reimbursement payment method at the outset of an award if SSA determines that the grantee’s cash management practices are inadequate, cash or financial reporting is deficient, or for other reasons associated with financial management. With the exception for construction grants [see Title 20 CFR, Parts 435.22(e) and 437.21(d)], this type of action may be taken only if a grantee is designated "high-risk/special award conditions" (see Section 2-15) and must be done on an entity-wide basis for all awards made by SSA.

3. Placing the grantee on a reimbursement payment method affects the awards issued by SSA but the concerns leading to this action should be discussed with the Office of Finance. In addition, "high-risk/special award conditions" designation requires placement of the grantee on the SSA Alert List and makes other awarding agencies aware of the nature of the problem. The action to designate a grantee as "high-risk/special award conditions" can be taken in anticipation of or during an award. The grantee may not appeal the designation, but may seek reconsideration by SSA.

B. Suspension or termination.

1. Suspending or terminating an award for cause

   a. Suspension may be used as a means of obtaining compliance if other lesser enforcement actions

have failed or the public health or welfare is threatened. However, suspension should not ordinarily be used as a sanction when SSA is not prepared to proceed to a termination in the event the deficiency is not corrected.

b. If a suspension is lifted and performance resumes on the basis of grantee assurances of corrective actions taken or in process, the award should be amended to allow for close monitoring of those efforts, i.e., through a designation of "high-risk/special award conditions," if the organization is not already in that status. If not appropriate to lift the suspension (e.g., it is not possible for the grantee to take corrective actions), SSA should proceed with taking necessary steps to terminate the award, resulting in the cessation of awarding agency funding.

c. A suspension or termination action may be taken on one or more awards or a portion of an award(s) as a result of a finding of non-compliance. However, unless the material non-compliance affects individual awards and can be corrected on that basis, suspension/termination may not be the appropriate remedy and it may have significant adverse impacts on both SSA and the grantee.

d. The propriety of termination, as opposed to another type(s) of enforcement action, should be carefully considered when it is likely that future programmatically viable applications will be forthcoming from an organization and business management deficiencies may not have been corrected.

e. A terminated award shall be closed out as promptly as possible. In addition, the final costs of the terminated award(s) may be negotiated if the grantee has uncancelable obligations.

f. While program regulations may provide for other appeal processes, a suspension is generally not appealable; however a termination for cause may be appealed. After obtaining concurrence by any program official required by regulation, the final letter advising the grantee of the intent to terminate, signed by the GMO, should include the necessary language to inform the grantee of its appeal rights and associated time frames.

2. Termination by mutual agreement or by the grantee

a. Termination by mutual agreement or termination at the request of the grantee are not considered enforcement actions and are not appealable.

b. The timing, cost allowability, and other conditions of these types of terminations are subject to negotiation between the grantee and the GMO.

c. If the grantee requests that a grant be terminated in whole or in part, SSA should concur and take the necessary action.

d. SSA may also terminate the remainder of an award when a grantee requests that a portion be terminated.

C. Withholding a non-competing continuation award.

An awarding agency may withhold (deny) a non-competing continuation award within a previously approved project period on several bases, not all of which are considered enforcement actions. If an award is withheld because a grantee is delinquent in submitting required reports, fails to show satisfactory progress in achieving the objectives of the project or otherwise fails to meet the terms and conditions of award in a prior budget period(s)

of the award, or the grantee's management practices fail to provide adequate stewardship of Federal funds, withholding an award is an enforcement action. As such, it is appealable in that its effect is essentially a termination. Once an award is withheld, it normally will not be restored, unless the agency ruling is overturned on appeal. Therefore, this type of enforcement action should not be used when a more immediate type of enforcement action, such as withholding payment, may result in the grantee correcting the deficiency. Further, a GMO should take the appropriate enforcement action as soon as there is a finding of material non-compliance rather than waiting to deny a non-competing continuation award.

D. Disallowing costs.

1. Costs incurred may be disallowed on the basis of audit findings, review of reports, or on other bases.

2. When costs are disallowed, they must be repaid by the grantee to the Federal Government from non-Federal funds. The repayment generally should be by check or offset (e.g., SSA reducing the equivalent amount from an active or future grant award), but repayment may be accomplished by other legally available means. When offset is employed, the grantee must use non-Federal funds in order to maintain the required level of effort under the grant being offset.

3. GMO should consult with OGC and the Debt Collection Officer /Office of Finance Office before taking actions resulting in a collection action to ensure consistency with appropriations requirements and applicable regulatory requirements. When repayment is requested, it is considered a debt.

4. Disallowances may be appealed as provided in 45 CFR Part 16, unless they are subject to the requirements of 45 CFR Part 96 which provides the grantee the opportunity for a hearing using another hearing forum prior to any appeal.

5. Under either discretionary or mandatory grants, when offset is used, SSA must ensure that the funds used to restore the amount offset are actually devoted to the program and derived from non-Federal funds; are treated as Federal funds for purposes of the applicable cost principles; are used before new Federal funds are drawn from the Payment System. Expenditure of funds used to restore the amount offset must also comply with the terms and conditions of the award.

E. Governmentwide Suspension and Debarment.

Action to suspend or debar an organization or individual is subject to the requirements of 2 CFR Part 2336. The suspending/debarring official for SSA is the Associate Commissioner for the Office of Acquisition and Grants. This is the most severe of the enforcement actions listed in this section. Suspension or debarment has wide-reaching consequences since a suspension or debarment by SSA has government-wide effect. Once an organization is debarred, agencies must determine whether to continue with existing awards and new awards are precluded unless an exceptional process (as specified in 2 CFR Part 2336) is followed.

Part 3 POST-AWARD REQUIREMENTS
Section 120 GRANT APPEALS PROCEDURES

3-120-00 Basic Policy
3-120-10 Adverse Determinations That May Be Appealed
3-120-20 Initial Appeal and Final Decision of Grants Management Officer (GMO)
3-120-30 Appeal of Final Decision of GMO
3-120-40 Appeal of Decision of Associate Commissioner, Office of Acquisition and Grants (ACOAG)

3-120-00 BASIC POLICY

A. It is SSA's policy to permit grantees to appeal certain post-award adverse grant administration decisions made by SSA officials in the administration of its grant programs. SSA has three levels of appeal: an initial appeal to the GMO; a secondary appeal to the ACOAG; and, a final appeal to the Commissioner of Social Security (COSS) or the COSS' delegate. This section describes the appeals process for resolving certain post-award disputes between grantee institutions (grantees) and SSA.

B. At any level of the appeals process, because of additional information received with the appeal or for other valid reasons, the GMO and ACOAG are encouraged to continue their attempt to resolve the dispute through direct negotiations with the grantee. If settlement is achieved, a letter confirming the settlement and disposition of the appeal must be sent by SSA to the grantee in duplicate, requesting that the grantee concur by signing and returning the duplicate copy of the letter to SSA.

C. Every effort should be made by SSA to resolve issues with grantees before they result in formal disputes. If the issues cannot be resolved and the grantee has an appeal right, the grantee must be advised of that right as part of the GMO's final decision. That decision should provide sufficient background and rationale for the determination to enable the grantee to understand the agency position and determine whether to appeal. If an action is not

appealable, it may be helpful to provide that information to the grantee. If a grantee files an appeal with SSA, the GMO will inform the parties about the possibility of using alternative dispute resolution (ADR) techniques. SSA encourages the use of ADR (see 20 CFR 435.80 – 435.82). In general, SSA should not take any final action on an appealable action until the time period for submission of an appeal has lapsed (30 days from receipt of the GMO's final decision) without action by the grantee.

3-120-10 ADVERSE DETERMINATIONS THAT MAY BE APPEALED

The following types of adverse post-award written decisions may be appealed:

A. A disallowance or other determination denying payment of an amount claimed under a grant or cooperative agreement.

B. A termination for failure to comply with the terms of an award.

C. A denial of a continuation award under the project period system of funding where the denial is for failure to comply with the terms and conditions of a previous award.

D. A voiding of an award on the basis that it was fraudulently obtained or because the award was not authorized by statue.

3-120-20 INITIAL APPEAL AND FINAL DECISION OF GMO

A. As a first step in the appeals process of an adverse administrative action taken by SSA, the grantee must submit a written request to the GMO for review of the decision. The request must be postmarked no later than 30 days after the postmark date of the written notification to the grantee from the GMO notifying it of the adverse determination.

B. The request for review must indicate the nature of the disagreement and include any pertinent facts and documentation in support of the grantee’s position.

C. The GMO must respond within the 30 days of the postmark date of the grantee's request advising the grantee of his/her decision. For adverse determinations, the notice of adverse determination must include the following statement:

“This determination may be appealed in writing by the grantee institution to the Associate Commissioner, Office of Acquisition and Grants, Social Security Administration, 7111 Security Blvd., 1st Floor Rear Entrance, Baltimore, Maryland 21244. The appeal, requesting a review of the Grants Management Officer’s (GMO) determination, must clearly identify the question in dispute; fully state the grantee’s position regarding the question, including the pertinent facts and reasons in support of the position; and enclose a copy of this determination with the appeal. The appeal must be signed by both the institutional official authorized to sign grant award applications and the principal investigator/project director and must be postmarked no later than 30 days after the postmark date of this notice. A copy of the request must be sent to the GMO.”

3-120-30 APPEAL OF FINAL DECISION OF GMO

A. A grantee institution that requests a review of the GMO’s adverse determination must submit a written request to the ACOAG no later than 30 days after the postmark date of the GMO’s final written notification of determination. The grantee will also send a copy of the request to the GMO. The ACOAG may grant an extension of time for preparing an appeal if good cause is shown.

B. The request for review must contain a full statement of the grantee’s position with respect to the disputed matter and the facts and reasons in support of this position. The grantee must attach to the request a copy of the

notification of adverse determination it received from the GMO.

C. The GMO will provide the ACOAG with copies of all background material and documents serving as a basis for the determination, including a copy of the determination which is being appealed; Notice of Grant Award(s); all pertinent correspondence between the grantee and SSA; text of policies, regulations, etc.; and any additional information available.

D. The ACOAG will render a decision on the reconsideration of the final decision of the GMO within 15 days of the receipt of the grantee's request. If a decision by the ACOAG is still under consideration at the end of 15 days, the ACOAG must inform the grantee in writing of the date when the grantee may expect a decision. If the ACOAG’s decision is adverse to the grantee, the notice of adverse determination must include the following statement:

“This is the final decision of the Office of Acquisition and Grants. It will become the final decision of the Social Security Administration unless you appeal within 15 days after you receive this decision to the Commissioner of Social Security, Social Security Administration, Baltimore, Maryland 21235-0001. Your appeal should include a copy of this decision and fully state the reason(s) for your disagreement with it. The appeal must be signed by both the institutional official authorized to sign grant award applications and the principal investigator/project director and must be postmarked no later than 15 days after the postmark date of this notice. A copy of the request must be sent to the Associate Commissioner, Office of Acquisition and Grants.”

3-120-40 APPEAL OF DECISION OF ACOAG

A. A grantee institution that requests a review of the ACOAG's adverse determination must submit a written request to the COSS no later than 15 days after the postmark date of the ACOAG's written notification of determination. The grantee will also send a copy of the request to the ACOAG. The COSS or COSS' delegate may grant an extension of time for preparing an appeal if good cause is shown.

B. The request for review must contain a full statement of the grantee's position with respect to the disputed matter and the facts and reasons in support of this position. The grantee must attach to the request a copy of the notification of adverse determination it received from the ACOAG.

C. The COSS or COSS' delegate will render a decision on the reconsideration of the decision of the ACOAG within 60 days of the receipt of the grantee's request. If a decision by the COSS or COSS' delegate is still under consideration at the end of 60 days, SSA must inform the grantee in writing of the date when the grantee may expect a decision.

D. The COSS' decision shall be considered final and may not be subjected to further internal SSA review.

Part 4 AFTER THE GRANT REQUIREMENTS
Section 05 GRANT CLOSE OUT PROCEDURES

4-05-00 Grant Close Out Procedures
X4-05-1 Request for Final Report Project Grants
X4-05-2 Grant Close Out Checklist
X4-05-3 Instruction to Office of Finance for Disposition of Unobligated Balances
X4-05-4 Instruction to Recipient for Disposition of Unobligated Balances

4-05-00 GRANT CLOSE OUT PROCEDURES

Submission of Final Reports

All final reports are due within 90 days after the expiration of the project period. This includes the final Financial Status Report (FSR) and final Performance Report. Thirty days prior to the expiration date of the project for the grant award, the recipient is notified by letter (see Attachment X4-05-1) of the requirements for submission of final reports and the records retention and property accountability requirements for the grant. If property disposition instructions are required,-the recipient is instructed to notify GMT within 30 days after receipt of the letter.

Grant Closeout Forms

Thirty days prior to the expiration date of the grant, a grant close out form (see Attachment X4-05-2) is inserted in the grant file which is used to record the monitoring of the close out of the grant. All actions taken to close out the grant file must be recorded (and dated) on the form.

Financial Status Reports (FSRs)

When processing the final FSR SF-269A, the data reported on the form is verified against the previous reports submitted and the funds awarded per issuance of the Notice of Grant Awards (NGAs). The report submitted by the recipient must be marked "Final" in block #6, signed by an authorized official at the recipient institution, and may not include any unliquidated obligations (block #10f). The period covered by the report (block #8) must correspond with the budget and project periods on the NGAs. Since the FSR is a cumulative

report covering the entire project period, if there is more than one budget period, the figures reported must include the fiscal data previously reported, as well as, fiscal data relating to the latest budget period. If the report is not prepared by the recipient on a cumulative basis, the Grants Management Specialist still needs to address the cumulative fiscal information for the entire grant period. The recipient must be notified, in writing, of any necessary changes for the information reported.

If indirect costs are claimed, the indirect cost rate used must be verified for applicability and computation. If the information is accurate, the person processing the report must initial block #11. A final report will not be processed if the indirect costs claimed are based on a provisional rate. The file will be suspended for 3-month periods until a final rate has been negotiated for the entire period of the grant.

If an unobligated balance remains, the funds are to be recovered. The transmittal form is stamped with the appropriate amount indicated to be recovered. The total expenditures may not exceed the total funds authorized. If a "zero" unobligated balance exists, the appropriate stamped block must be completed.

After the review of the expenditures has been completed and accepted, the transmittal form must be signed and dated by the Grants Management Specialist. In addition, the form is documented to reflect that the grant has terminated and the grant account is to be closed. The original copy of the FSR is filed in the grant file.

Transmittal Memo to the Division of Finance

The memo transmitting the final FSR to the Division of Central Accounting, Office of Finance (See Attachment X4-05-3) is completed and signed by the Grants Management Officer (GMO) indicating the disposition of the unobligated balance. The memo is completed regardless of whether a balance of funds exists. A copy of the FSR is attached to the memo.

Transmittal Letter to the Recipient

After the final FSR has been processed the project period and an unobligated balance exists, the recipient is notified of the disposition of the funds (see Attachment X4-05-4).

Final Performance Report

The original copy of the final performance report is filed in the grant file. The remainder (at least 2) are sent to the program component by transmittal memorandum.

SSA may not require the recipients to submit final reports for review and approval, unless instructions for the preparation of the reports are a condition of the grant award.

Invention Statement

All invention statements, when applicable, are filed in the grant file. If a form reports an invention developed under the grant, a copy of the report is submitted by GMT to:

Invention Office
DHHS
c/o National Institute of Health
Bethesda, Maryland 20014

Although 45 CFR Part 8.1 requires that all research grants include a condition that all inventions arising from the grant be promptly reported, 20 CFR Part 435 makes no mention of this requirement, nor does our application. Therefore, the invention statement must be completed and submitted by all institutions receiving a research grant.

Disposition of Equipment

Recipients which are state governments are not accountable to the Federal government for equipment purchased with grant funds (see 20 CFR Part 437). The instructions which follow are provided for the disposition of equipment purchased with grant funds under grants awarded to recipients which are not state governments.

Prior to the close out of the grant file, the recipient will be contacted to determine if any grant funds were used to purchase equipment (regardless of whether funds were

authorized). If the recipient indicates that grant funds were expended for the purchase of equipment, the GMO will obtain a list of the equipment purchased which has an acquisition cost of $5,000 for local governments and other types of recipients. Disposition will be determined in accordance with the provisions of 20 CFR 437 for local governments and 20 CFR 435.31 - 435.37 for other types of recipients.

Recording of Grant Close Out

Upon completion of the documentation requirements for grant close out, the grant close out form is signed and dated by the Grants Management Specialist and the GMO and remains in the grant file.

The close out is recorded by the GMO in the subject file "PS-4-6-1, Grants Management -- Grant Close Out," which includes the following information:
1. grant number;
2. recipient;
3. project title;
4. project period; and
5. date of close out.

Also, update \GMT\Common Grant Files\Closedout-File Documents\
CO-LIST.DOC.

In addition, the grant is deleted from the Active Grant File records and the suspense monitoring system. The grant folder is filed in the terminated section of the grant files when closed out.

At the end of each fiscal year, the Office of Finance, Division of Central Accounting and Reporting is to be notified of those grants closed out during the fiscal year using \GMT\Common Grant Files\Closedout-File Documents\ ROUT-DF.DOC.

Records Retention

Grant files that have been "closed out," are marked by a dark green sticker and remain in the termination section of the GMS files for 1 year after which they are sent to SSA records retention unit for 2 additional years. At the end of the 3-year period, the files are sent by SSA to the Federal Records Retention Center for 4 years, and subsequently destroyed.

Social Security Administration

REQUEST FOR FINAL REPORT PROJECT GRANTS

Reference Grant Number: _____
Project Period: _____

Dear Mr../Dr../Ms.: _____

The above referenced grant to your department/agency/institution/ organization entitled, "_____ _____," terminates/d on _____. In order that we may close out this grant, it is necessary that we receive your final progress report and a final accounting of grant funds.

Please submit an original and two copies of the Financial Status Report, Form 269A, and an original and two copies of your final progress report to this office no later than _____. In addition, please complete the enclosed Final Invention Statement, if applicable.

(For recipients other than State and Local-Governments)

With the termination of grant support for this project, your attention is directed to the records retention and property accountability requirements of the Social Security Administration (SSA) regulation, 20 CFR Part 435, Administration of Grants. Subpart D of the regulation prescribes the retention period for final records, supporting documents, statistical records, and all other records pertinent to an SSA grant. 20 CFR 435.31 - 435.37 prescribes the policies and procedures governing title and disposition of property acquired under this grant. Please advise us within 30 days if property disposition instructions are required.

(For recipients who are State and Local Governments)

With the termination of grant support for this project, your attention is directed to the records retention and property accountability requirements of the SSA regulation, 20 CFR Part 437, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. The regulation prescribes the retention period for final records, supporting documents, statistical records, and all other records pertinent to an SSA grant. The regulations further prescribe the policies and procedures governing title, use and disposition of property acquired under a grant. (For local governments only) Please advise us within 30 days if property disposition instructions are required.

If you need additional information or have any questions concerning this matter, please do not hesitate to contact Mr. Dave Allshouse, Grants Management Specialist, telephone (410) 965-9262/Mr. Gary Stammer, Grants Management Specialist, telephone (410) 965-9501.

Sincerely,

Phyllis Y. Smith,
Grants Management Officer
Office of Operations Contracts and Grants
Office of Acquisition and Grants, ODCBFM
Social Security Administration
Suite 100
7111 Security Blvd.
Baltimore, Maryland 21244
Telephone (410) 965-9518

cc:

bcc:

GRANT CLOSE OUT

	YES	NO
1. All reports obtained		
2. Grant file documentation completed:		
Suspension and Termination Documents (If Applicable)		
Audit Report(s) (If applicable)		
Disallowances (If applicable)		
Grant Closeout Documents		
Deviations (If applicable)		
Appeal Documents (If applicable)		
Other Correspondence		
3. Recipient advised of records retention period and property disposition requirements		
4. Financial Status Report Processed		

Action Taken to Accomplish Above

_____
Grants Management Staff Member

_____
Grants Management Officer

Social Security Administration

INSTRUCTION TO OFFICE OF FINANCE FOR DISPOSITION OF UNOBLIGATED BALANCES

Memorandum

Date:

From: Grants Management Officer
Office of Operations Contracts and Grants, OAG, ODCBFM

Subject: Financial Status Report--ACTION

To: Chief, Division of Central Accounting Operations
Office of Finance

Attached is a copy of the Financial Status Report submitted by _____
_____for the ____ budget period of grant number _____ awarded under _____.

The unobligated balance is to be processed in the following manner:

$ _____ additional authorization to ____ budget period.

$ _____ authorized as carry over to ____ budget period.

$ _____ restricted to ____ budget period.

$ _____ withdrawn from ____ budget period.

Phyllis Y. Smith

Attachment

If applicable, state:

"This grant has terminated. Please close out the grant account."

INSTRUCTIONS TO RECIPIENT FOR DISPOSITION OF UNOBLIGATED BALANCES

Reference Grant Number _____

Dear Mr./Dr./Ms.

We have reviewed and processed the final Financial Status Report submitted by your Department/agency/institution/organization on _____, reporting expenditures incurred during the _____ budget period in support of the grant entitled, "_____."
This report reflects

- that there is no unobligated balance of Federal project funds for the entire project period of the grant.
- an unobligated balance of $_____ in Federal project funds for the entire project period of the grant.
- that there is no unobligated balance in Federal project, however, the cumulative unobligated balance from the entire project period of the grant is $_____.
- an unobligated balance of $_____ in Federal project funds. The cumulative unobligated balance from the entire project period of the grant is $_____.

These funds/the disposition of these funds is as follows:

$_____ will be carried forward as additional authorization to the ____ budget period and used as a partial payment (offset) for that period of support.

$_____ is/are authorized as a carry-over to the ____ budget period and used to increase the Federal support for that budget period.

$_____ is/are restricted to the ____ budget period and is/are no longer available for obligation without written approval from this office.

$_____ is/are withdrawn from the ____ budget period and is/are no longer available for obligation. Instructions for recovery of any actual cash balance will be provided at a later date.

Please adjust your financial records accordingly.

If you have any questions regarding this action, please contact Mr. Dave Allshouse/Mr. Gary Stammer, Grants Management Specialist, telephone (410) 965-9262/965-9501.

Sincerely,

Phyllis Y. Smith,
Grants Management Officer
Office of Operations Contracts and Grants
Office of Acquisition and Grants,
Social Security Administration
Suite 100
7111 Security Blvd.
Baltimore, Maryland 21244
Telephone (410) 965-9518