



The President's Emergency Plan for AIDS Relief

How to Manage USG Grants




TAB 13

 **Managing Public Grants**

- Code of Federal Regulations (CFR)
- OMB Circulars
 - A - 133
 - A - 122 (or A - 21)
 - A - 110 / 22 CFR 226 (or other agency version)
- Automated Directives System (ADS)
- Mandatory Standard Provisions


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The Code of Federal Regulations (CFR)

- Ranks just below the U.S. Code (the Law)
- Regulations are not law, but they have the force of law
- Federal regulations originate from or are approved by Congress

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A citation consists of:

- Title and
- Part or section

For example: 22 CFR 226

- 22 is the Title (Foreign Relations)
- 226 is the Part (Administration of Assistance Awards)
- 226.1 and 226.2 are Sections (§s)


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The hierarchical levels in the CFR between Title and Part (Subtitle, Chapter, Subchapter) are unnecessary to looking up a citation, because Parts are numbered continuously throughout each Title.

You can look up either Title and Part, or Title and Section.

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Websites for the CFR:

<http://cfr.law.cornell.edu/cfr>
<http://www.gpoaccess.gov/cfr>


The Cornell site is more user friendly. If you lose the addresses, just type "Code of Federal Regulations" into your browser: the GPO and Cornell sites will be at or near the top of the list.

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Code of Federal Regulations

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Code of Federal Regulations



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contents & context

This front-end to the Code of Federal Regulations (CFR) is generated from and links to the most recent version of the CFR placed on the internet by the Government Printing Office. It contains the federal regulations in force as of specific revision dates which vary from title to title. That for each title is shown on its table of contents. *[For guidance on how to determine if a particular regulation has since been amended [click here.](#)]*


ways to access material

- Detailed table of contents
- Following a citation (of a particular section)
- Via a search of the LII index of all section headings (recommended as a first search)
- Via the Government Printing Office search engine

Following Citations to CFR (by Title and Section)

If you know the citation for the CFR material you want to retrieve, fill in the title and section numbers below. (eg. 20 CFR 404.101 would be Title 20, Section 404.101). You can search by title alone by putting nothing in the section box. To search for title and part, omit the period and section number (eg. Title 20, Section 404).

Alternatively you can go to the GPO's [retrieval page](#).



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Title:___ Section:___ [Go to title and section](#)

Alternatively you can go to the GPO's [retrieval page](#)

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After being selected for the grant, you will:

- Receive an award letter.
- Be assigned a Cognizant Technical Officer.
- Be informed of governing regulations, circulars, directives, etc.
- Sign a grant or cooperative agreement.
- Be informed of requirements for written policies on finances, personnel, property, travel, etc.

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Office of Management and Budget (OMB)
Circulars

- OMB comes under the White House; see www.whitehouse.gov
- OMB creates financial standardization among Federal agencies.
- OMB's Circulars are being incorporated into the CFR.

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OMB Circulars for Non- profits

- A-133, *Audits of States, Local Governments, and Non-Profit Organizations*
- A-122, *Cost Principles for Non-Profit Organizations (A - 21 for colleges & universities)*
- A-110, *Uniform Administrative Requirements*

<http://www.whitehouse.gov/omb/circulars/index-education.html>

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OMB Circulars and Non- U.S. Organizations

- A- 133 audit requirements apply, but with U.S. accounting principles supplemented by international and host country accounting principles.
- A- 122 applies directly and fully.
- A- 110/22 CFR 226 provisions apply fully unless deviations are approved by the Mission Director or by Washington.

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OMB Circulars and Non- U.S. Organizations, References:

- A- 133, see Mandatory Standard Provisions for Non- U.S. NGOs, para. 2. Accounting, Audit, and Records.
- A- 122, see Mandatory Standard Provisions for Non- U.S. NGOs, para. 1. Allowable Costs.
- A- 110/22 CFR 226, see Automated Directives System, Chap. 303, paras. 303.5.2. and 303.5.3.

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OMB Circulars: THE BASICS!!!

- A - 133, *Audits*: Contains one important fact.
- A - 122, *Cost Principles*: Use this when you're writing your application.
- A - 110, *Administrative Requirements*: Use this after you win the grant.

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If you make sub - grants, you must apply the rules in the OMB Circulars to the sub - grantees, just as the Federal government applies them to you.

So your finance or budget specialist needs to have some familiarity with them.

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OMB Circular A- 133, *Audits*

Sec. 200 Audit requirements. (a) Audit required. Non - Federal entities that expend \$500,000 or more in a year in federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

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Otherwise regarding A - 133:

- See sec. 105 Definitions for terms like "single" and "program - specific."
- "Federal awards" means grants, cooperative agreements, and cost-reimbursement contracts.

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- If you get \$500K or more per year, you can pay a CPA to read the rest of the Circular for you.
- Audits required by A - 133 are paid for by the awards in question.
- If you get less than \$500K, the allowability of audits is covered in A - 122, Attachment B, para. 4, "Audit costs and related services."

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OMB Circular A - 122, *Cost Principles* (or A - 21 for colleges & universities) consists of:

- Introduction
- Attachment A, General Principles
- Attachment B, Selected Items of Cost
- Attachment C, Non - Profit Organizations Not Subject To This Circular

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A - 122 Introduction, selected items:

- This circular applies to all Federal agencies.
- Grantees shall apply the provisions of this Circular to sub - grantees (also in A - 110 and A - 133).

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A - 122, Attachment A, General Principles

- A. Basic Considerations
- B. Direct Costs
- C, D, E. Indirect Costs

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A - 122.A.A. Basic Considerations. All budget items in a grant must be:

- Allocable: the item or part of it will be used in the grant project.
- Reasonable: 2 part test.
 - Nature of item.
 - Amount of price.
- Allowable: 52 cost items discussed in Attachment B.

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A - 122.A.B. Direct Costs

Any cost that is completely allocable to the project, or where an identifiable fraction of the cost is allocable to the project.

Example: the Executive Director will work 2 days a week on this project, therefore 40% of the ED's salary is allocable to the project.

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A - 122.A.C - E. Indirect Costs

Costs such as general overhead that contribute to the grant project, but where percentage allocation is not feasible.

Example: the portion of a university president's salary that should be allocated to a \$1 million Federal grant.

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A - 122.A.C-E. Indirect Costs, cont'd.

In such cases, the agency negotiates an indirect cost rate (NICRA) with the grantee, allowing a fixed percentage of the award to go to general overhead.

- Applies to larger organizations.
- Requested after the award is made.
- Applies to subsequent awards.
- See A- 122.A.C- E. for more details.


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A - 122, Attachment B, Selected Items of Cost

- Attachment B divides all possible costs into 52 items.
- The list is alphabetical, but Supplies are along with Materials, Conferences with Meetings, etc.
- Therefore, you should read the Table of Contents several times.


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A - 122.B, Examples:


1. Advertising and PR – allowable only to support the grant project.
3. Alcoholic beverages – unallowable.
5. Bad debts – unallowable.
9. Contingency funds – unallowable.
17. Fund raising – Costs of organized fund raising . . . incurred solely to raise capital or obtain contributions are unallowable.

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SF- 424A Object Class Categories	Relevant Paragraph in A- 122, Att. B
a. Personnel	8. Compensation for personal services
b. Fringe Benefits	8.g. Fringe benefits
c. Travel	51. Travel costs
d. Equipment	15. Equipment and other capital expenditures

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SF- 424A Object Class Categories	Relevant Paragraph in A- 122, Att. B
e. Supplies	27. Materials and supplies costs
f. Contractual	37. Professional services costs
g. Construction	(see next slide)
h. Other	All remaining paragraphs

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g. Construction and purchase of land and buildings are often not allowed in grants, however see:

15. Equipment and other capital expenditures.
27. Maintenance and repair costs.
39. Rearrangement and alteration costs.
40. Reconversion costs.

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- OMB Circular A - 110, *Uniform Administrative Requirements*
- A - 110 has been incorporated into the CFR by all Federal agencies.
- USAID's version of A - 110 is 22 CFR 226. However, successful grantees may fall under another agency, such as HHS, in which case 45 CFR 74 applies.

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However, A - 110 and all of its departmental and agency versions have the same structure of Subparts and Sections. So the same "Standards for financial management systems" is found at:

- A - 110, section __.21
- 22 CFR 226.21
- 45 CFR 74.21

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22 CFR 226 consists of:

- Introduction
- Subpart A – General*
- Subpart B – Pre-Award Requirements
- Subpart C – Post-Award Requirements*
- Subpart D – After - the - Award Requirements

* We are concerned with these two

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22 CFR 226, Introduction, selected items:

- Grantees shall apply the provisions of this Circular to sub-grantees (also in A - 122 and A - 133).
- Definitions, see Section 226.2.

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Subpart C – Post - Award Requirements (which means during the grant).

- Financial and Program Management
- Property Standards
- Procurement Standards
- Reports and Records
- Termination and Enforcement

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22 CFR 226, Subpart C, Financial and Program Management

- .20 Purpose
- .21 Standards for financial management systems
- .22 Payment
- .23 Cost sharing or matching
- .24 Program income

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- 22 CFR 226, Subpart C, Financial and Program Management, continued
- .25 Revision of budget and program plans
- .26 Non-federal audits (cites A - 133)
- .27 Allowable costs (cites A - 122)
- .28 Period of availability of funds
- .29 Conditional exemptions

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- 22 CFR 226, Subpart C, Property Standards (inventory, depreciation, etc.)
- .31 Insurance coverage
- .32 Real property
- .34 Equipment
- .35 Supplies and other expendable property

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- 22 CFR 226, Subpart C, Procurement Standards
- .43 Competition
- .44 Procurement procedures (small purchase threshold = \$100K @)
- Reports and Records
- .53 Retention (3 year rule)
- Termination and Enforcement

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- 22 CFR 226, Subpart D, After – the - Award Requirements
- .71 Closeout procedures
- (See 22 CFR 226.34 Equipment regarding after-the-award priority of use.)

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- Automated Directives System (ADS)
- USAID issues directives, procedures, and other materials through ADS, available at: <http://www2.usaid.gov/policy/ads/>
- Grantees will be told when to consult this material, some of which supplements the OMB Circulars and CFR.

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- Mandatory Standard Provisions
- ADS Chapter 303, Grants and Cooperative Agreements, page 10, links to Standard Provisions for U.S. and non-U.S. Nongovernmental Recipients, available at: <http://www2.usaid.gov/policy/ads/300/>
- Then click on 303, then go to page 10 and click.

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Each of the two Standard Provisions (U.S. and non - U.S.) contains 24-29 paragraphs on topics such as Subagreements, Nondiscrimination, and Local Procurement.

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Thank you



**For further information, please visit:
www.PEPFAR.gov**

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