

Appendix I
SUMMARY OF OMB CIRCULAR A-110

“Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.”

A. Bonding Insurance

1. The basic rule is that the government will not require additional insurance or bonding, but will follow the agency’s practice.
2. For construction grants over \$100,000
 - a. If federal oversight agency determines that the government’s interest is protected then the agency’s policies and procedures are acceptable.
 - b. If determination is made that government’s interests are not protected the government will require bonding.

B. Retention and Custodial Requirements for Records

1. In general, financial records, supporting documents, statistical records, and any other pertinent records must be retained for three years from date of final expense report.
2. Authorization needed to use microfilm or fiche.
3. The government’s duly authorized representative may audit, examine, excerpt, or transcribe any of this information.

C. Program Income

1. Agencies are required to account for program income.
2. Program income is gross income earned by the agency from federally supported activities, and includes, but is not limited to, rental fees, service fees and sales of equipment.
3. Program income can be retained by the agency, with approval, and:
 - a. Added to the project to be used to further the program objectives,
 - b. Used to finance the non-federal share of the project (requires approval), and
 - c. Deducted from the total project costs when determining the federal share of the project.

D. Cost Sharing and Matching

1. Cost sharing and matching represents that portion of the project or program not borne by the Agency.
2. Cost sharing or matching may consist of:
 - a. Project costs incurred by the agency.
 - b. Costs financed from non-federal sources such as contributions and donations.
 - c. Project costs represented by services, and real or personal property or use thereof from non-federal sources (a.k.a. “In Kind” contributions).

3. In order to be allowable as cost sharing or matching the following criteria must be met:
 - a. There must be verifiable records.
 - b. Should not be included as a contribution for any other federally-assisted program.
 - c. Cost must be necessary and reasonable.
 - d. Must be allowable under O.M.B. Circular A-122 and the contract.
 - e. Costs are not paid for by federal government under another assistance program.
 - f. Costs are provided for in the approved budget.
4. Valuation of in-kind contributions should be based on applicable cost principles.
 - a. Value of services should be consistent with those paid for similar work.
 - b. Value of property must be at fair market value.
 - c. Volunteer services must be documented.
 - d. Basis for determining the value of personal services, material, equipment, land and buildings must be documented.

E. Financial Management Systems

1. Agency's financial management system must provide for:
 - a. Accurate, current, and complete disclosure of each project or program.
 - b. Documentation of source and applicability of funds for federally sponsored activities.
 - c. Control and accountability for all funds including safeguards to assure they are used only for authorized purpose.
 - d. Comparison of actual outlays with budget amounts for each grant or agreement.
 - e. Procedures to minimize elapsed time between receipts of funds and outlay.
 - f. Procedures to determine reasonableness, allowability and allocability of costs in accordance with federal cost principles and terms of grant agreement.
 - g. Accounting records supported by source documents.
 - h. Examination by independent audit.

F. Monitoring and Reporting Program Performance

1. Agencies must monitor and report on technical performance (programmatic) through a report which presents:
 - a. Comparison of actual accomplishments to goals.
 - b. Findings of investigator if appropriate.
 - c. Reasons why goals were not met.
 - d. Other pertinent data.
2. Problems or favorable developments should be reported promptly. This includes changes in budgetary needs.

G. Revision of Financial Plans

1. Agencies are required to immediately report deviations from financial plans and to request approval for financial plan revisions involving:
 - a. A change in scope or objective.
 - b. The need for additional federal funds.
 - c. Other rebudgeting changes.
2. None of the substantive programmatic work under the grant or other agreement may be subcontracted or transferred without prior approval of the federal sponsoring agency.

H. Suspension and Termination

1. Definitions:
 - a. Termination - Cancellation
 - b. Suspension - Temporary removal of support until corrective action or termination.
2. Each federal sponsoring agency must have procedures for suspension or termination when agency has not complied with conditions of a program.
3. Termination may be:
 - a. For cause - failure to comply.
 - b. For convenience - mutual agreement.

I. Property Management Standards

1. Adequate property management system to include:
 - a. Unique identification number
 - b. Description
 - c. Funding source
 - d. Acquisition cost
 - e. Federal participation percentage
 - f. Title vestiture
 - g. Location, use and condition
 - h. Disposition data
 - i. Other data to support cost allocation
2. Federal property must be marked as such.
3. Physical inventory to be taken every two years.
4. Property must be made available for shared usage with other federal projects.
5. Control system to be in effect to safeguard against loss, damage or theft of property.
6. Adequate maintenance procedures to be implemented.
7. Disposal procedures require authorization, competitive sales, and highest possible return.

J. Procurement Standards

1. Agency may follow their own procedures but must include:

- a. Code of conduct for Officers, employees or agents engaged in awarding or administering;
 - i. Officer, employee or agent may not engage an organization in which he has a financial interest or is negotiating employment.
 - ii. May not accept gratuities.
 - iii. Disciplinary measures should be provided for violations.
- b. Open and free competition.
- c. Procedures to avoid purchasing unnecessary or duplicate items-lease purchase analysis.
- d. Solicitation based on accurate description of technical requirements.
- e. Positive efforts to use small and minority businesses.
- f. Type of contract shall be determined by agency but not cost plus or percentage of cost contracts.
- g. Use of responsible contractors.
- h. Prior approval of sole source over \$5,000.
- i. Some sort of price or cost analysis should be made on every procurement.
- j. Records for purchases of \$10,000 must include:
 - i. Basis of contractor selection.
 - ii. Justification for lack of competition.
 - iii. Basis for award.
- k. Assurance of contractor compliance with contract.