

**OGAM ACTION TRANSMITTAL
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Office of Grants and Acquisition Management (OGAM)
Office of the Assistant Secretary for Management and Budget
Room 517D - Hubert H. Humphrey Building
200 Independence Ave. S.W.
Washington, D.C. 20201**

ACTION TRANSMITTAL - EXTERNAL

Transmittal No. : OGAM AT 99-1

Date: 8/9/99

TO: HHS Grantees and HHS Awarding Agencies

SUBJECT: Use of Electronically Imaged Record Storage

REGULATION: 45CFR74 Section 53(c); 45CFR92 Section 42(d); and FAR 4.703(c)(3)

APPLICABILITY: HHS Grantees receiving the majority of their Federal funding from HHS and HHS Awarding Agencies

EFFECTIVE DATE: Upon Issuance

PURPOSE AND BACKGROUND: Office of Management and Budget Circulars and HHS regulations 45CFR74.53(c) and 45CFR92.42(d) permit the substitution of electronically imaged records for the original records. FAR 4.703(c)(3) also addresses records retention for Federal contractors. In addition, Federal awarding agencies may authorize substitution of copies of original records for the original records. The purposes of this OGAM Action Transmittal are to establish the authorization to substitute electronically imaged records for originals and to encourage grant recipients to do so.

ACTION: Organizations that receive the majority of their Federal funding from HHS and would like to implement the use of electronic records in substitution for original records may do so provided that procedures are established that provide for the following:

- \$ creation and use of electronic records
- \$ security of stored records

- \$ selection and maintenance of electronic mediums
- \$ retrieval, retention, disposition, and destruction of electronic records
(Please be advised that all regulations pertaining to the grant and contract documents are still in effect. Please be aware that Federal contract documents are subject to FAR 4.703(c)(3), which states, "the contractor or subcontractor retains the original records for a minimum of one year after imaging to permit periodic validation of the imaging systems.")
- \$ validation of authenticity
- \$ secure transmission/dissemination of record

Authorization to use alternate storage mediums does not alleviate or shift the grant recipient's responsibility to develop, implement, maintain, and monitor financial and administrative systems. Fulfillment of this responsibility by each grant recipient should ensure that adequate documentation to support the allowability, allocability and reasonableness for costs charged to Federal programs exists. In recognition of this responsibility, it is the option of each grantee organization as to which type of record storage medium (paper vs. electronic) it elects to use. We do reserve the right to perform, or have performed, on-site reviews or capability audits during and following the transition to electronic records storage.

If your organization receives the majority of its Federal funding from HHS and wishes to substitute electronic copies of original records for the original records, please notify us in writing prior to implementation and send the notification to:

Director, Office of Grants Management
Room 517-D, Hubert H. Humphrey Building
200 Independence Avenue SW
Washington, D.C. 20201

To summarize, this Action Transmittal establishes authorization for grantee organizations receiving the majority of Federal funding from HHS to determine which method of records retention, paper or electronic, they will use. Each organization must have safeguards in place to ensure that their responsibility in developing, implementing, maintaining, and monitoring financial and administrative systems is met.

AUTHORIZING OFFICIAL: Terrence J. Tychan
Deputy Assistant Secretary for
Grants and Acquisition Management

