

SSA Grants Policy Handbook



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Office of Acquisition and Grants
Grants Management Team
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Additional copies of this publication may be
obtained from:

Social Security Administration
Office of Acquisition and Grants
Office of Operations Contracts and Grants
Grants Management Team
7111 Security Boulevard, 1st Floor - Rear Entrance
Baltimore, Maryland 21244-1811
Phone: (410) 965-9501

PREFACE

This Handbook contains a summary of selected grants administration policies and procedures published in the Social Security Administration (SSA) *Grants Administration Manual*. It is intended to provide a common understanding of the grants administration framework within which the Social Security Administration (SSA) staff and responsible grantee institution officials must operate.

The policies and procedures summarized in this Handbook should be used as a basic reference by grantee institution officials engaged in the administration of SSA discretionary grants. The administration of a grant requires adherence not only to the program objectives for which the award is made but also requires that those objectives be accomplished in a businesslike manner. The effective management of a grant mandates that grantee institutions

establish and maintain sound business management systems to assure that the grant funds are properly safeguarded and utilized only for the purposes for which they were awarded. Grantee institutions are expected to exercise the same degree of prudence in the expenditure of Federal funds that they use in expending their own funds.

The information contained in this Handbook, together with SSA regulations 20 CFR Parts 435 and 437, provides or incorporates by reference the general policies applicable to the administration of SSA discretionary grants.

Stan March
Associate Commissioner
for Acquisition and Grants

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DEFINITIONS

The following are definitions of terms most commonly used in the award and administration of SSA grants.

- Applicant - A government, or public or private (including for-profit) organization, or other legal entity which submits a completed application requesting Federal assistance.
- Budget - The financial expenditure plan approved by SSA to carry out the purpose(s) of the grant-supported project. The budget is comprised of both the Federal share and any non-Federal share identified on the Notice of Grant Award. The term grant budget means the Financial expenditure plan approved by SSA for the use of Federal funds only.
- Budget Period - The interval of time (usually 12 months) into which the project period is divided for funding and reporting purposes.
- 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.
- Discretionary Grant - A grant that permits the Federal Government, according to specific authorizing legislation, to exercise judgment ("discretion") in selecting the project, grantee/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, service, and construction projects or programs. Discretionary grants are sometimes referred to as "project grants."

- 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.
- Grantee - A government, or public or private (including for-profit) organization, or other legal entity to which a grant is awarded and which is accountable to the Federal Government for the use of the funds provided. The grantee is the entire legal entity even if only a particular component of the entity is designated in the award document. **For example, the recipient is the entire State or university, not just the named State agency or college.**
- Grants Management Officer - The individual designated to serve as the SSA official responsible for the business management aspects of a particular grant project. The Grants Management officer serves as the counterpart to the business officer of the grantee institution and is the focal point for matters such as interpretations of grants policies, procedures and regulations. The Grants Management Officer works closely with the Program or Project Officer who is responsible for the technical and programmatic aspects of the grant project.
- 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."

- New Grant - The initial grant made in support of a project or program.
- 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.
- Notice of Grant Award - Official grant document used in discretionary grant programs that (1) notifies the grantee and others of the award of a grant, and (2) contains or references all the terms and conditions of the grant.
- 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/Project Officer - SSA official who is responsible for the technical, scientific and programmatic aspects of a grant project. Such individuals are involved in many day-to-day contacts with project staff of the grantee institution and work closely with the Grants Management Officer in the

administration of grants.

- Project - The identified activity approved by SSA for support.
- Project Costs - Those costs, direct and indirect, incurred to carry out an approved grant-supported project. Only project costs incurred during the budget period indicated on the Notice of Grant Award are allowable unless specific approval to include other costs is given by SSA.
- Project Period - The total time for which support of a project has been programmatically approved. A project period may consist of one or more budget periods. The total project period comprises the original project period and any extensions thereof.
- Project Period Extension -
 1. Competing Continuation - The extension of a project period, which would otherwise expire, in order to provide support for one or more additional budget periods.
 2. Noncompeting Extension - The extension of a project period necessitated by an extension of a budget period.
- Recipient - The grantee or subgrantee (excludes contractors).
- SSA Grants Administration Manual (GAM) - Manual designed to serve as a basic reference for SSA employees who are operationally engaged in the administration and financial management of grants. The manual contains SSA policies and procedures applicable to the administration of grant programs.
- Subgrant - An award of financial assistance in the form of money or property in lieu of money, made under a grant by a grantee to an eligible subgrantee. The term includes financial assistance when provided by

contract, but does not include procurement nor any form of assistance which is excluded from the definition of "grant."

- Subgrantee - The government, or public or private (including for-profit) organization or other legal entity to which a subgrant is awarded and which is accountable to the grantee for the use of funds provided.

- Supplemental Awards -
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.

- Types of Discretionary Grants -
Demonstration - A grant, generally of limited duration, made to establish or demonstrate the feasibility of a theory or approach.
Research - A grant made in support of investigation or experiment aimed at the discovery and interpretation of facts, revisions of accepted theories in the light of new facts, or the application of such new or revised theories.
Service - A grant made to support costs for the purpose of organizing, establishing, providing or expanding the delivery of services to a specified community or area.

- 20 CFR Parts 435 and 437 - Title 20 of the Code of Federal Regulations Part 435, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Non-Profit Organizations, and Commercial Organizations" and Part 437, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" contain the uniform requirements for the administration of grants

and principles for determining costs applicable to activities assisted by SSA grants. These regulations, as subsequently amended, supersede any conflicting provisions of the SSA Grants Policy Handbook.

Chapter I

APPLICATION PROCEDURES

1.1 Eligibility for Grants

Grants may be awarded to public or private organizations and institutions, governments and their agencies and other legal entities. For-profit organizations may also be awarded grants. However, grant funds may not be paid as profit to any recipient of a grant or subgrant. Profit is any amount in excess of all allowable direct and indirect costs of the recipient. Grants may not be awarded to individuals.

1.2 Where to Obtain and Submit Application Forms

Program announcements along with a complete application package will be available on the www.grants.gov website. This allows a prospective applicant to download the grant application along with its corresponding instructions and related documentation.

Instructions for completing the application will be provided in the application package.

Continuation funds for subsequent years within the approved project period must be requested on the application form for continuation support which will be made available to the grantee at least 90 days prior to the beginning date of the next budget period. It is the responsibility of the grantee to request the application form if it has not been provided.

1.3 Information for Potential Applicants (GAM 2-35)

Potential applicants and other interested persons are provided with information sufficient to judge whether to apply for a grant through publication of announcements in the *Federal Register*. The announcements contain information such as estimates of the amount of funds that will be available, number of grants to be funded, who may apply, kinds of projects that will be funded, how to obtain application kits,

where to submit applications, and the deadline for submitting applications. Application kits are available at www.grants.gov. All requests should include requestor's name, organization, address and telephone number.

The announcement also includes the criteria for evaluating the applications and the relative weights assigned to each.

Criteria established for programs funded by SSA for evaluation of grant applications include, at a minimum, the following:

- a. The estimated cost to the Government in support of the project is reasonable considering the anticipated results;
- b. The project personnel are well qualified and the applicant organization has adequate facilities and resources;
- c. Insofar as practicable, the proposed procedures (scientific or other), if well executed, are capable of attaining project objectives; and,
- d. The project objectives are identical with or are capable of achieving the specific program objectives defined in the program announcement.

SSA will not provide advance information regarding priorities, criteria or other pertinent matters to any applicant unless such information is provided to all requesters.

1.4 Competitive Review and Approval of Discretionary Grants (GAM 2-50)

It is the policy of SSA to seek maximum open and free competition for discretionary grants and cooperative agreements. Specifically, the following types of applications must undergo a competitive objective review by qualified persons independent of the program office

concerned as part of the review process.

- a. New applications: projects not already receiving grant support;
- b. Competing continuations: budget periods beyond the currently established project period; and
- c. Competing supplementals: requests for additional funds which would significantly expand the scope or objectives of currently funded projects.

The review to be performed on the applications shall be to supplement and assist the discretionary consideration and approval of the applications by the program office. Such a review shall be in addition to other mechanisms used by SSA in the review and approval of applications. The competitive, objective, independent review shall be carried out either by means of reviewers meeting collectively as a unit or by means of individual field readers.

Requests for additional funds to meet increased administrative costs that take effect during a current budget period, such as fringe benefits or organizational or other salary increases, not included in the grant application may be administratively approved and need not undergo a competitive review.

An extension of a project period may also be granted when an extension to budget period causes the final budget period to extend past the ending date of the previously approved project period if a grantee requests, in writing, additional time (up to 12 months) for reasons such as:

- a. Continuity of SSA support during the review of a competing project period extension application; or
- b. An orderly phaseout of the Federal support for projects not requesting additional support or whose competing project period extension applications have been disapproved, or if approved, will not be funded.

Such an extension may be made with a minimal amount of additional funds if needed. A request for a noncompeting project period extension may be approved administratively by the Grants Management Officer based on adequate progress of the project and compliance with the grant's terms and conditions. To utilize available funds before they lapse is not a compelling administrative or programmatic reason to alter the length of a budget period.

1.5 Intergovernmental Review of Federal Programs Under Executive Order 12372

Executive order 12372 established a process for consulting with State and local officials on proposed Federal assistance. The objectives of the process are to (1) increase State flexibility to design a consultation process and select the programs it wishes to review, (2) increase the ability of State and local elected officials to influence Federal decisions, and (3) compel Federal officials to be more responsive to State concerns, or explain the reasons. State and local officials are given 60 days to review and comment upon new and competing continuation applications and 30 days to review and comment upon non-competing continuation applications.

Applicants should refer to the announcement of the availability of grant funds published in the *Federal Register* to ascertain if the grant program under which it is applying is subject to the provisions of Executive order 12372.

1.6 Submission of Detailed Budget Information in Grant Applications

Applicants must provide detailed budget information as described in the instructions section of the Funding Opportunity announcement published on www.grants.gov. Grantees must provide an accompanying narrative to explain the methodology used to compute each line item cost. Some examples are as follows:

- 1) The narrative to support a line item cost amount for travel should be broken out to discuss such details as the number of trips, the departure/destination points, the estimated cost

for airfare or mileage, in the case of air travel - a statement to the effect that first class airfare is not being used, mileage rate for auto travel, number of trips, etc. 2) A line item cost for fringe benefits should include a percentage to be applied and an explanation of the components of the benefit package, e.g., sick leave, FICA, annual leave, retirement, etc. 3) A line item for computers should be accompanied by a description of the configuration of each computer, its estimated cost, and any ancillary components and their estimated costs.

1.7 Submission of Salary Information in Grant Applications (GAM 3-70)

Applicant organizations 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-supported activity:
 1. His/her name (if known at the time the application is submitted);
 2. His/her position or job title;
 3. The percentage of time or effort he/she is expected to devote to the grant-supported activity; and
 4. Whether or not salary support (for him/her) is requested from the grant.

1.8 Notification to Successful Applicants (GAM 2-55)

The "Notice of Grant Award" is the official document notifying the grantee that its grant application has been approved for funding and a grant has been made. The document indicates the:

- a. Grant number;
- b. Current budget period and project period;
- c. Amount awarded;
- d. Approved budget;
- e. Level of support tentatively recommended for the remainder of the project period;
- f. Name and address of grantee;
- g. Grantee program or project director;
- h. Legislative authority and regulations under which the grant is made;
- i. Title of project;
- j. Order of precedence of policies, procedures and regulations;
- k. Terms and conditions of grant award;
- l. Awarding organization;
- m. Type of grant;
- n. SSA Project Officer, Grants Management Officer, and Grants Management Specialist responsible for administration of the grant;
- o. Information required for fiscal administration;
- p. Cost-sharing requirement, if any;
- q. Total Federal funds awarded; and
- r. Payment clause.

The "Notice of Grant Award" is signed by the Grants Management Officer and transmitted to the grantee by email.

Chapter II

FUNDING PROCEDURES

2.1 Project Period System (GAM 3-30)

A. Summary

In accordance with the Federal budgetary and appropriation process, Congressional intent, and SSA policy, grant projects which may require more than 1 year to complete must be funded on an annual basis. It is important, however, that both SSA and the grantee institution officials reach a mutual understanding as to the probable length of the project and the duration and approximate amount of financial support that SSA will provide. For many years, SSA has used a method of funding that achieves those objectives. This method is commonly referred to as the Project Period System.

Under the Project Period System of funding grants, projects which will continue for more than 1 year may be programmatically approved for support in their entirety, or a portion thereof, but funded in annual increments called budget periods. This system preserves the principle of funding grants on an annual basis, while at the same time it provides the grantee with a statement of intent on the part of SSA to continue funding the project for the remainder of the approved project period subject to certain conditions. This approach (a) permits both the grantee and SSA to make long range budgetary projections and thereby provides security and stability to each in planning and program execution, and (b) reduces administrative procedures for both the grantee and SSA by obviating the need for an annual, in-depth, formal, competitive review.

B. Procedures

An applicant requesting SSA financial support for a new project shall submit an application which includes a detailed budget for the first proposed budget period and a summary budget for each additional budget period within the requested project period. If, after review in

accordance with established procedures, the application is approved for support and funds are available, SSA may award a grant in an amount representing the Federal share of the approved budget for the first budget period. The Notice of Grant Award shall show the approved project period and the recommended level of Federal funding for each subsequent budget period within that project period.

Prior to the completion of any budget period, except the final budget period of an approved project period, the grantee, in order to receive continuation funding, must submit a noncompeting continuation application requesting funds for the next succeeding budget period. This application must be submitted in accordance with the application submission requirements and should include an estimate of the unobligated balance anticipated to remain at the end of the current budget period. If the application is approved for support, and funds are available, a grant award will be made for the next budget period. The amount of the award will be the SSA share of the approved budget less any unobligated balance remaining from prior budget periods and less any estimated unobligated balance for the current budget period reported in the noncompeting continuation application.

C. Recommended Levels of Future Support

The documentation on a Notice of Grant Award of the approval of a project period which exceeds the budget period for which funds are provided, indicates the intention of SSA to provide continued financial support to the project for the full length of such project period, subject to the following:

1. The recommended levels of future support within a project period are not guarantees by SSA that the project will be funded at those levels. Instead, the amounts represent estimates of future funding levels based on the information available at the time of award. The actual amount of the award will be determined or negotiated based on the proposed budget, reports of progress and

other information submitted in the continuation application for the budget period involved and the availability of Federal funds. The recommended levels of future support are provided to aid the grantee and SSA in planning and budgeting for future activities.

2. Funding of a noncompeting continuation grant within a previously approved project period may be withheld for justifiable reasons, which include:
 - a. A grantee is delinquent in submitting required reports;
 - b. Adequate Federal funds are not available to support the project;
 - c. A grantee fails to show satisfactory progress in achieving the objectives of the project or otherwise fails to meet the terms and conditions of the award;
 - d. A grantee's management practices fail to provide adequate stewardship of Federal funds; or
 - e. Any reason which would indicate that continued funding would not be in the best interests of the Government.

If SSA does not intend to provide continued support, the approved project period should not exceed the length of the budget period.

D. Length of Project Period

The length of a new project period, or any competing extension thereof, shall be determined on the basis of the following considerations:

1. The length of time requested by the grantee to complete the project;
2. The frequency of an in-depth review desirable for proper management of the grant project;
3. Limitations on the length of the project period placed by an appropriate review group under an approved system or

objective review; and

4. Statutory and regulatory requirements.

However, no project may be supported for longer than 5 years without recompetition.

E. Length of Budget Period

Budget periods within a project period normally will be for 12 months, except that shorter or longer budget periods may be established to provide for compelling administrative or programmatic reasons, such as:

1. More advantageous anniversary dates;
2. Project periods not evenly divisible into 12-month increments;
3. Projects clearly short term in nature, which generally means less than 18 months in duration;
4. An unavoidable extended absence of the Principal Investigator;
5. A merger of two or more grants into a consolidated grant;
6. A change of grantee business cycles; or
7. The orderly phase out of the project.

F. Competing Continuation

A competing continuation which extends a project period for one or more additional budget periods may be granted if a grantee requests further support for the same project, beyond the scheduled expiration of the approved project period. To obtain such support, the applicant must submit a competing continuation application in accordance with the application submission requirements. Such an application is appropriate when:

1. The original project period was approved for a period of time shorter than grant support

was needed; or

2. The results of the original project warrant support beyond the period originally recommended.

Such competitive continuations shall be reviewed, evaluated and approved on the same basis as an application for a new grant. If approved for funding, the project period will be extended, and a grant award will be made in support of the project during the extended period.

The amount of the first award will be the SSA share of the approved budget for the first budget period in the extension to the project period, less any unobligated balance remaining from prior budget periods and less any estimated unobligated balance for the current budget period, reported in the competing project period extension application.

2.2 Unobligated Balances (GAM 3-30)

A. Use of Unobligated Balances

Grant funds may only be expended or obligated by the grantee during the budget period indicated on the Notice of Grant Award. The expiration date of the budget period is the latest that grant funds may be obligated or expended, except to liquidate obligations incurred by the grantee during the budget period.

The grantee is required to submit a Standard Form 269A, "Financial Status Report," within 90 days after the end of a budget period. At the option of the SSA Grants Management Officer, the unobligated balance reflected on the report may be used as follows for incrementally funded grants:

1. Utilize the excess funds as a funding offset in funding the current grant award;
2. In response to written request from the grantee, revise the current award notice to authorize the grantee to spend the excess funds for approved purposes; or

3. Leave the excess in the grant account in the payment system for subsequent utilization.

In selecting one of these options, care must be taken to select the option which will utilize the unobligated balance in the most responsible and expeditious manner available to promote the program objective, without creating an unjustifiably high level of continuation costs for succeeding appropriations.

B. Adjustment for Under or Over Funding

As a general rule, for each budget period after the initial award, the sum of the continuation award for the current budget period and the actual unobligated balance carried over from the preceding budget period should equal the Federal share of the current period's approved budget. At the time a continuation is awarded, however, the actual unobligated balance is not yet known, and can only be estimated. If the actual unobligated balance carried over from the preceding budget period turns out to be smaller or larger than was estimated, the Federal grant funds available to the grantee for the current budget period do not equal the Federal share of the approved budget. After the grantee reports its actual unobligated balance from the preceding budget, a prompt determination will be made whether there has been under or over funding:

1. If the actual carryover is less than was estimated, the current budget period has been under funded.
2. If the actual carryover is greater than was estimated, the current budget period has been over funded.

If the current budget period has been under funded by \$250 or more, the Grants Management Officer will issue a revised Notice of Grant Award which would increase the grant to eliminate the under funding, unless:

1. No appropriated funds are available from which to award the increase; or

Management Officer need not increase the grant, even if appropriated funds are available, unless the grantee specifically requests the increase.

2. After consultation with the grantee, the Grants Management Officer concludes that an increase, if awarded, would probably not be used by the grantee, because the grantee's funding needs have decreased since the budget for the current period was approved.

The availability of the estimated unobligated balance authorized for carryover (not as a funding offset) is contingent upon the unobligated balance actually existing.

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.

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.

A revised Notice of Grant Award may not be issued where the difference between the estimated and the actual unobligated balance is \$250 or less.

If the current budget period has been under funded by less than \$250, the Grants

Chapter III

REPORTING REQUIREMENTS

3.1 Financial Reports

SSA requires the submission of periodic and final Financial Status Reports (FSR) for each budget period of the grant (normally 12 months in duration). The periodic FSR is due within 30 days after the end of each reporting period of the budget period. A final FSR is required to be submitted within 90 days after the expiration of a budget period. The information contained in the reports must relate only to the expenditure and obligation of Federal and grantee funds authorized by the grant award. Interim FSRs should be faxed to the Grants Management Office. Final FSRs should be mailed to provide the original signature.

3.2 Performance Reports

SSA also requires the submission of interim and final performance reports. Quarterly reports are due within 30 days after the end of each quarter of the budget period. A final report is due within 90 days after the expiration of the grant. The content of the reports shall conform to the instructions provided and, when appropriate, should include:

- a. A comparison of actual accomplishments to the goals established for the period;
- b. The reasons for any slippage if the established goals are not met; and
- c. Other pertinent information including analysis and explanation of cost overruns.

Performance reports should be submitted to the Grants Management Office by email.

3.3 Delinquent Reports (GAM 3-15)

The reporting requirements as stated above,

or set forth as special terms for a grant, must be

met by SSA grantees. Failure of a grantee to submit required reports will subject the grantee to one or more of the following types of actions:

- a. The withholding of future grant payments;
- b. Suspension or termination of any active grant for the project on which required reports have not been received; and/or;
- c. The withholding of any additional SSA approved grants.

Prior to the initiation of such an action, the grantee will be given written notification of the intention to do so.

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 grantee; or,
- b. The purposes for which the report is to be used will be accomplished through other means.

Chapter IV

DIRECT COSTS

4.1 Cost principles

Total project costs are defined as the total of allowable direct and indirect costs incurred by the recipient to carry out the approved grant supported project activity. This includes costs charged to the grant, costs paid by the awardee from non-Federal sources, and the value of third-party in-kind contributions. Allowable costs are basically costs incurred by the grantee which are reasonable, allowable and allocable as determined by the particular set of cost principles applicable to the entity awarded the grant. Allowable costs must not be included as a cost in any other Federally-financed grant (unless specifically authorized).

If a grantee is uncertain as to whether a cost is allowable or whether prior approval must be obtained, the grantee should contact the SSA Grants Management Officer.

4.2 Consultant Services (GAM 3-20)

A. General

For purposes of this section a consultant is an individual engaged to give professional advice or services for a fee but not as an employee of the party that engages the consultant. The term includes guest lecturers (and other guest speakers). Charges for consultant services may include fees and travel costs.

Applicants are encouraged to anticipate the need for consultants and to indicate the proposed use of consultants in the grant application. The use of consultants does not require SSA prior approval unless the consulting arrangement constitutes a transfer of substantive programmatic work to a third party.

B. *Consulting Fees Paid by Grantees and Subgrantees to Their Own Employees*

Consulting fees paid by grantees or subgrantees to their own employees are allowable under the following conditions:

1. Charges for consulting fees representing extra compensation (above base salary) paid by an educational institution to a salaried member of its faculty are allowable only in unusual cases and only if both the following conditions are met:
 - a. the consultation is across departmental lines or involves a separate or remote operation; and
 - b. the work performed by the consultant is in addition to his/her regular departmental duties.
2. In all other cases, consulting fees paid, in addition to salary, by grantees or subgrantees to individuals who are also their employees may be charged to the grant or subgrant (including the non-Federal share) only if:
 - a. the work involved is clearly outside the scope of the person's salaried employment;
 - b. it would be inappropriate or not feasible to compensate for the additional work by paying additional salary to the employee; and
 - c. the organization's policies permit such consulting payments to its own employees regardless of whether Federal grant funds are involved.
3. Consulting fees paid by grantees or subgrantees to their own employees must be specifically authorized in writing, on a case-by-case basis, by the head of the grantee or subgrantee organization or his/her 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 grantee or subgrantee organization.

The authorization must include the determination that the applicable required conditions are present.

C. Consulting Fees Paid to Federal Employees

Consulting fees paid to a Federal employee may not be charged to an SSA grant, including the non-Federal share.

D. Documentation Standards

Charges for consulting payments must be supported by an invoice from the consultant and a copy of any required written report. Any of the following information not contained in the consultant's invoice and/or written report must be documented in writing and signed by an official of the grantee or subgrantee:

1. Name of consultant;
2. Nature of service rendered (such as statistical analysis of data or participation on project advisory committee);
3. Relevance of services to the grant-supported 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 hourly rate) the rate and the actual dates and/or hours worked;
 - b. (if the fee was based on rate per unit of service rendered) 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.

Except where a written report will serve little or no purpose, grantees and subgrantees are encouraged to obtain written reports from

consultants. Where consultation constitutes a transfer of project activities, a written report may be required as a condition of SSA approval.

4.3 Alteration and Renovation of Facilities Under Discretionary Grant Programs (GAM 3-110)

SSA grants often support activities that require some modification of the facilities which the grantee will use. However, SSA discretionary grant program legislation does not authorize assistance for the costs of new construction or large-scale permanent improvements to non-Federal real property. This means that limited alterations and renovations (A&R) may be allowed, but new construction and large-scale A&R are unallowable.

A&R costs require approval as prescribed by the applicable OMB cost principles. A&R costs may be approved only when they meet the cost principles' general standards of reasonableness, allowability and allocability.

General Provisions

Allowable alteration and renovation costs may be either charged to an SSA grant or included as an allowable cost for matching or cost sharing purposes, provided:

- a. The grantee is not an individual or foreign institution;
- b. The building has a usable life consistent with program purposes and can readily be modified to meet program requirements;
- c. Alteration and renovation is essential to the project supported by the grant;
- d. The space involved will actually be occupied by the project;
- e. Specific approval is obtained in advance; and

- f. The amount budgeted or used for alteration and renovation during the entire project does not exceed the lesser of \$150,000 or 25 percent of the total funds approved for direct costs for the entire project period.

Allowable and Unallowable Cost of Alteration and Renovation

- a. In connection with existing buildings, A&R costs shall be limited to the costs of work required to:
 - 1. make nonstructural 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.

4.4 Supporting Audiovisuals, Publications, and Broadcasts Under Discretionary Grants (GAM 3-65)

Grantees may not use a grant or cooperative agreement to acquire 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.

- a. "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.

- b. "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, totaling 50 copies or more of which are for distribution to the public.
- c. "Broadcast" means television and radio programs intended for use by the public.
- d. 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.

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.

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 through 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. The website can be accessed at <http://dodimagery.afis.osd.mil>.

4.5 Charges for Leased Facilities and Equipment Rental Costs (GAM 3-80)

Grantees generally provide owned facilities and equipment required to perform project

functions. Nevertheless, they are occasions when it would be more prudent for the grantee to lease one or the other, or both. In those cases, subject to the limitations below, rental costs are allowable to the extent that rates are reasonable in consideration of such factors as rental costs for comparable property, if any; area market conditions; any available alternatives; and the type, life expectancy, condition, and value of the property.

The limitations below expressly apply to hospitals and State and local governments. Similar limitations contained in the cost principles applicable to other types of organizations will apply when circumstances are appropriate.

- a. *Sale and leaseback arrangement* - This type of arrangement involves property owned by an organization that is sold to and leased back from another organization. Rental costs under this type of arrangement are allowable only up to the amount that would be allowed under applicable cost principles had the lessee continued to own the property.
- b. *Less-than-arms-length lease* - This type of lease allows one of the parties 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, trust or similar arrangements in which they hold a controlling interest.

Rental costs are allowable only up to the amount that would be allowed under applicable cost principles had title to the property vested in the lessee.

c. *Material equity lease* - Under this type of lease, 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 percent 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.

Rental costs under material equity leases are allowable up to the amount that they would have been allowed under applicable cost principles had the lessee purchased the property on the date the lease agreement was executed (e.g., depreciation or use allowance, maintenance, taxes, insurance, etc., but excluding unallowable costs).

4.6 Cost Transfers (GAM 3-80)

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 improvement in the grantee's accounting system and/or internal controls. Therefore, where such errors occur, grantees are encouraged and may be required to evaluate the need for improvements in these areas and to make whatever improvements are deemed necessary.

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 certifications of the propriety of the transfer by the Principal Investigator, Project Director, or other responsible program official of the grantee organization.
- c. The transfer is reviewed and approved by a responsible financial or administrative official of the grantee organization.

To the maximum extent possible, cost transfers involving closely related work should be made within 120 days of the original charge. 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 must also include an explanation of why the transfer was tardy.

The documentation must be retained by the grantee for the period stipulated in SSA records retention regulations (Subparts C of 20 CFR Part 435 or 20 CFR Part 437) and be made available for verification during the course of an audit or other review made by, or on behalf of, SSA. Grantees are expected to make all pertinent documentation regarding the transfer of costs available to the auditor at the time of the audit.

Chapter V

INDIRECT COSTS

5.1 Indirect Costs (GAM 3-100)

A. General Policies

Indirect costs (also termed "facilities and administrative 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.

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.

To be eligible for reimbursement of indirect costs, grantees must establish indirect cost rates with SSA (except as otherwise provided under Special procedures for Local Government Agencies) or the appropriate cognizant Federal agency.

Indirect cost proposals must be prepared in accordance with the cost principles in Subparts C of 20 CFR Part 435 or 20 CFR Part 437. Available guidance on the preparation of indirect cost proposals is available at the Health and Human Services Division of Cost Allocation website <http://rates.psc.gov/>.

B. Special Indirect Cost Rates (GAM 3-90)

The use of a single composite indirect cost rate applicable to all activities, or to each broad program, conducted by a grantee is generally desirable for simplifying the procedures related

to the reimbursement of indirect costs. However, where the use of a single rate would result in significantly inequitable distribution of costs, the establishment of an "off-site" or other special rate may be necessary.

C. Subgrants (GAM 3-85)

Grantees will usually be responsible for negotiating appropriate indirect cost rates with subgrantees awarded funds under SSA grants. Such negotiations will be based on the appropriate SSA cost principles applicable to the subgrantee. The procedures followed by the grantee in conducting the negotiations will be subject to review and audit by, or on behalf of SSA. If the grantee requires assistance in connection with the negotiations, it should request such assistance from SSA.

Grantees will not be required to negotiate indirect cost rates with subgrantees if any of the following conditions exist:

1. The subgrant does not provide for the reimbursement of indirect costs.
2. The subgrantee is also a direct recipient of SSA grants or contracts and is required to negotiate indirect cost rates directly with SSA. In this case, SSA will negotiate indirect cost rates applicable to all SSA supported activities, including those conducted under subgrants. However, although the grantee will not be primarily responsible for these negotiations, it may participate in the negotiations if SSA or the grantee considers such participation necessary or desirable.

D. Submission of Proposals

Except as otherwise provided under Special procedures for Local Government Agencies, claims 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 of the grant for which such costs are claimed. Grantees that fail to comply with this requirement will be deemed

as not having a currently effective indirect cost rate. In the absence of this rate, future grants awarded to the grantee 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 will 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.

Any organization which has not previously established an indirect cost rate with SSA must submit its initial indirect cost proposal to SSA or the cognizant Federal agency immediately after being notified that a grant providing for indirect cost reimbursement will be awarded. Where possible, the proposal should be submitted prior to the date the grant is awarded, but in no event later than 3 months after the effective date of the grant. Organizations with established rates must submit new indirect cost proposals to SSA or the cognizant Federal agency within 6 months of the close of their fiscal year.

All initial and succeeding proposals must be accompanied by, and cross-referenced and reconciled to, independently audited financial statements for the fiscal year on which the proposal is based. Any organization may request an extension from its due date for submission of proposals, provided the need is fully justified and a specific date for its subsequent submission is provided.

E. Special Procedures for Local Government Agencies

Local government agencies are not required to submit proposals in order to claim indirect costs unless otherwise notified by the cognizant Federal agency. In those instances where the local government agency is not requested to submit a proposal, it must prepare one as substantiation of its claim and retain it for audit purposes. This substantiation must be in the form of an indirect cost computation for each

fiscal year of the agency in which indirect cost reimbursement is claimed. The computation along with the supporting documentation described in the brochure must be available as of the time the claim is made and must be retained by the local government agency for possible audit by, or on behalf of, SSA. The records retention period shall be in accordance with SSA's regulations (Subpart C of 20 CFR Part 437).

5.2 Reimbursement of Indirect Costs (GAM 3-100)

A. General Policies

Generally, 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.

Some grant programs' authorizing statutes and/or regulations limit the reimbursement of "administrative costs," which may include some or all of the indirect costs otherwise included in a negotiated indirect cost rate or approved cost allocation plan. Under these programs, reimbursement of indirect costs included in "administrative costs" will be limited to those that are within the statutory or regulatory ceiling.

If, on the basis of statute, regulation or policy, allowable indirect cost reimbursement is restricted to an amount less than full indirect cost reimbursement, the difference between those two amounts may be used to satisfy a grantee's matching requirement.

Indirect costs shall be limited or prohibited as follows:

1. Indirect costs shall not be included in awards for:
 - a. Grants to organizations located outside the territorial limits of the United States;
 - b. Grants to Federal organizations; and
 - c. Grants in support of conferences or fellowships.

2. The total amount awarded (direct plus indirect) shall constitute a ceiling on the amount payable to the grantee 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.
3. If funds are available, grants shall be amended to provide additional funds for indirect costs in the following, and no other cases:
 - a. An error made by SSA in computing the award;
 - b. Restoration of funds previously recaptured by SSA as part of a grantee's unobligated balance;
 - c. New grantees or delinquent grantees, for whom valid indirect cost rates are established subject to the provisions of paragraph g. below subsequent to an award; and
 - d. 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.
4. Grantees may rebudget between direct and indirect costs (in either direction) without prior SSA approval. However, this provision does not affect other prior approval requirements in 20 CFR 435.20 and 435.30, including prior approval for any change in project scope or objectives. Thus, for example, a rebudgeting between direct and indirect costs that changes the projects scope or objectives will require SSA approval, but if no change in project scope or objectives is involved, the grantee need not obtain SSA's approval.
5. 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, the award will not be amended to reflect the lower rate, unless the grantee is delinquent as described in paragraph 7. below. For nondelinquent grantees, any reduction or recovery necessary because of a lower rate shall take place at final settlement based on financial reports submitted by the grantee.
6. When a grantee 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 agreed upon by the grantee and SSA.
7. Indirect cost reimbursement shall be based on the indirect cost rates established by grantees in accordance with SSA policies and procedures. Grantees that fail to submit timely indirect cost proposals in accordance with these policies and procedures 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.
8. 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 grantee's request, but not to exceed the unobligated balance of the grant.
 - c. If the grantee fails to establish a permanent rate, any indirect costs

previously reimbursed based on the provisional or earlier permanent rate shall be disallowed.

B. Application of Indirect Cost Rates

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 paragraph a. above, the grantee 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.

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 grantee'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 2 fiscal years during which the grant was or will be performed).

Example

Rate for fiscal year ending June 30, 2006 - 35%
Rate for fiscal year ending June 30, 2007 - 30%
Grant Period - March 1, 2006 to February 28, 2007

Direct base costs incurred under grant:

March 1, 2006 to June 30, 2006 - \$30,000
July 1, 2006 to February 28, 2007 - \$20,000

Application of Rates:

35% x \$30,000	=	\$10,500
30% x \$20,000	=	<u>6,000</u>
		\$16,500

5.3 Award and Settlement of Indirect Costs

A. *Grantees with Currently Effective Indirect Cost Rates*

1. Project grants 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. The amount of indirect cost awarded will be based on the rate(s) reflected in the Rate Agreement.
2. 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, the award will not be amended to reflect the new rate.
3. Each Financial Status Report submitted by the grantee 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 a final report, a subsequent adjustment will be necessary if a lower permanent rate is established. In these cases, the Financial Status Report will be adjusted by SSA to reflect the downward adjustment to each grant resulting from the differences between the provisional rate(s) and the permanent rate(s). The grantee will be notified of the adjustments.
4. If the rate used in a final Financial Status Report is replaced by the negotiation of a higher rate, the report will be adjusted to reflect the higher rate. The adjustment will include restoration of an appropriate portion of any funds which the grantee previously reported as unobligated and were either carried over and used to reduce the Federal funds awarded for a later budget

period or withdrawn (i.e., deobligated) by SSA. Such adjustments (not to exceed the unobligated balance of the grant) shall be made only if sufficient funds are available in the pertinent appropriation account.

5. 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 grantees which had never established an indirect cost rate and which satisfy the requirements of subparagraph 2. below.

B. *Grantees Without Currently Effective Indirect Cost Rates*

1. *Delinquent Grantees*

- a. When a currently effective indirect cost rate is not available at the time of an award because the grantee 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 for indirect costs contained in a current award for the delinquent period. If the grantee 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, will be limited to the indirect costs applicable to the period subsequent to the date of the grantee's proposal.
- b. 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 grantee in the amended award. For example, if funds for 75 percent of the indirect costs were provided in the amended award, only 75 percent of the indirect costs applicable to the grant shall be allowed on the Financial Status Report.

2. *Grantees 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 grantee has never established a rate with SSA in the past and is unable to establish its initial rate prior to the date of the award. In these cases, a provisional amount of the indirect costs shall be included in the award but will be restricted and not available for expenditure until authorized by SSA. SSA will notify the grantee of the requirement to submit its initial indirect cost proposal to SSA or the cognizant Federal agency within 3 months of the effective date of the award. If the grantee subsequently submits a timely indirect cost proposal and establishes a rate, the grant should be amended to remove the restriction imposed on the expenditure of funds awarded for indirect cost and to provide additional funds (if needed and funds are available) for the difference between the amount initially awarded and the amount based on approved rate. If this is not done, any additional funds needed to permit reimbursement of the indirect costs which should have been included in the grant shall be provided to the grantee when the final Financial Status Report is processed. If the grantee does not establish the rate before the submission of the Financial Status Report, its claim for indirect cost reimbursement shall be disallowed.

Chapter VI

GENERAL POLICIES

6.1 Release of Information (20 CFR Part 402)

The Freedom of Information Act (P.L. 90-23) and associated public information regulations of SSA require the release of certain requested information on grants to any member of the public, regardless of the reasons for the request. The intended use of information pertaining to SSA grants or awards, therefore, will not be a criterion for release to any member of the public or information media.

The following categories of information generally will not be released except as indicated:

- a. An application for grant support (except an application from a State or local government agency) is considered privileged information. Until such time as an application is approved and a grant awarded, no information is disclosed. This applies only to applications for new grants.
- b. Details of estimated budgets or of itemized expenditures (except with regard to State or local government agencies). This does not preclude disclosure of summary totals of funds by category.
- c. Discussions of applications by individual reviewers.
- d. All information obtained by a grantee and SSA containing personal facts about the employees and individuals served by the project, including lists of names, addresses and records of evaluations, shall be held to be confidential. Grantee responsibilities regarding the protection of Personally Identifiable Information is explained in SSA Grants Administration Manual Section 3-10-60.

6.2 Change of Grantee Institution (GAM 2-50)

A change of grantee institution is the process whereby the legal and administrative responsibility for administering 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, but only when all of the following circumstances are present:

- a. The grant must have been terminated (1) for cause (2) by SSA with the consent of the grantee, or (3) unilaterally by the grantee, or (4) the award of a noncompeting continuation grant within a previously approved project period must have been withheld for one of the following reasons:
 1. The grantee fails to show satisfactory progress in achieving the objectives of the project or otherwise fails to meet the terms and conditions of the award.
 2. The grantee's management practices fail to provide adequate stewardship of Federal funds.
 3. Any reason where the grantee's actions form the basis for the determination that withholding support is in the best interests of the Government.
- b. 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 new grantee institution, and there must be no significant change or reduction in the scope or objectives of the project or activity.
- c. The change of grantee institution must be made in a timely manner.

In addition to the above, when the Principal

Investigator on a research project transfers from one domestic institution to another domestic institution, the project in behalf of the same Principal Investigator may be supported at the new institution for a period up to the remainder of the previously approved project period in an amount not to exceed that previously recommended for the remaining period. Support may continue at the new institution without competitive review provided that (a) the original grantee institution agrees in writing to relinquish the project, (b) the investigator plans no significant change in research objectives and level of expenditure from that proposed for the project as originally approved, and (c) the new institution submits a new application form for support of the project. If either (a) or (b) of the above provisions does not apply, the application will be reviewed as a new application and will compete for available funds.

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, SSA may recognize a new grantee institution as the successor grantee.

6.3 Matching or Cost Sharing

A. General Policies

Matching or cost sharing is the value of in-kind contributions and that portion of the cost of a grant-supported project or program not borne by the Federal Government. The extent to which matching or cost sharing is required is governed by legislative prescription, Federal regulations, and program policies under which a particular project is funded. Applicants should refer to the respective program announcements or guidelines for information on the applicability of the provisions of Subpart C "Cost Sharing or Matching" of 20 CFR Part 435 or Subpart C "Post-Award Requirements, Financial Administration" of 20 CFR Part 437, for the amount and type of cost sharing required.

Cost sharing shall be required on every SSA grant-supported project except where the grantee is a Federal agency exempted by law from the

cost sharing requirement.

B. Types of Cost Sharing

Grantees may share in the costs of grant-supported projects on a project-by-project basis.

The grantee's actual cost sharing, as a percentage of total project costs, must at least equal the percentage originally agreed upon. However, SSA may retroactively agree to a lower percentage when it finds that changed circumstances justify a small contribution. This is appropriate when the non-Federal resources which the grantee had expected to be available for its contribution did not materialize.

The cost sharing requirement will be considered as satisfied if no funds for reimbursement of eligible indirect costs are provided in the grant.

C. Application of Cost Sharing Requirement

Grantees will not be required to obtain prior SSA approval of the manner in which contributions are to be provided. Contributions may be in any allowable budget category or combination of categories, e.g., salaries, equipment, supplies, travel, indirect costs, etc. However, when direct cost items are contributed to the project, any indirect cost related to that item may not be charged to the SSA grant. It may, of course, be counted as part of the contribution. This restriction also applies to fringe benefits (when treated as direct costs) applicable to direct salaries contributed by the grantee.

When the grantee elects to contribute by charging less than the full indirect cost rate to which it would otherwise be entitled, an explanation should be included in the "remarks" section of the Financial Status Report showing that the claim for less than full indirect cost is intentional.

The Grants Management Officer will negotiate the amount of cost sharing on individual projects. The agreed rate will apply to the entire project period (including all noncompeting continuations or supplements) and will constitute the percentage of total project

costs which the grantee will contribute. There may be no contribution, or only a token contribution, in some years of the project period provided that the agreed overall percentage for the project as a whole is met. Separate cost sharing negotiations are not required for noncompeting continuations and supplements. The grant may not be awarded until the applicant and SSA have agreed to a cost sharing percentage. This percentage shall be specified in the Notice of Grant Award.

6.4 Using Assistance Instruments for Collecting Information (GAM 2-25)

A. Policy

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.

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

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

B. OMB Regulations on Controlling Paperwork

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.

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 the Exemption paragraph below, all information collection by the recipient of a cooperative agreement is "sponsored," and is subject to OMB review and clearance.

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:

- a. The recipient of the grant is collecting information at the specific request of the agency; or
- b. The terms of the grant require specific approval by the agency of the collection of information or the collection procedures.

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.

C. "Sponsored" Information Collections

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.

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. **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.

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.

6.5 Grant Payments

Grant payment requirements prescribed by the Office of Management and Budget and the Department of Treasury are designed to minimize the time elapsing between transfer of funds from the Federal Government and disbursement to a recipient.

SSA Grant recipients receive payment of Federal funds through the Social Security Administration, Office of Finance, Division of Central Accounting and Reporting. Inquires regarding payments should be directed to:

Social Security Administration
Office of Financial Operations
Division of Central Accounting and Reporting
P.O. Box 47
Baltimore, Maryland 21235
Telephone Number: (410) 965-0012

Grant payments are made by electronic funds transfer.

Electronic Funds Transfer:
Congress recently enacted Public Law 104-134, which amended the Federal Financial Management Act of 1994 by requiring that all payments made by the Federal Government must be made by Electronic Funds Transfer (EFT). This new law, the Debt Collection Improvement Act of 1996 requires that any vendor entering into a grant with the Federal Government on or after July 26, 1996 be enrolled in direct deposit to receive payment. Therefore, the Social Security Administration's Office of Finance is changing its payment process from issuing Treasury checks to Direct Deposit through the Automated Clearing House (ACH). As the term "direct deposit" implies, funds are credited into your bank account and are available on the payment due date.

APPENDIX

Offices Negotiating Indirect Cost Rates

To be eligible for reimbursement of indirect costs, grantees must establish indirect cost rates with SSA or the appropriate cognizant Federal agency. SSA grantees may continue to use HHS for negotiation of indirect cost rates when HHS is the cognizant Federal agency. Following is an updated listing of the HHS Division of Cost Allocation offices:

<u>OFFICE</u> <u>HHS Division of Cost Allocation</u>	<u>For Grantees Located In</u>
NORTHEASTERN FIELD OFFICE 26 Federal Plaza Room 41 - 122 New York, NY 10278 Tel. (212) 264-2069	Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, Puerto Rico, Virgin Islands, Canada, Europe
MID-ATLANTIC FIELD OFFICE Cohen Building, Room 1067 330 Independence Avenue, S.W. Washington, DC 20201 Tel. (202) 401-2808	Alabama, Delaware, District of Columbia, Florida, Georgia, Kentucky, Maryland, Mississippi, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia
CENTRAL STATES FIELD OFFICE 1301 Young Street Room 732 Dallas, Texas 75202 Tel. (214) 767-3261	Arkansas, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Minnesota, Missouri, Nebraska, New Mexico, Ohio, Oklahoma, Texas, Wisconsin
WESTERN FIELD OFFICE 90 7th Street Suite 4-600 San Francisco, CA 94103 Tel. (415) 437-7820	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, Australia, Asia