



# Federal Register

---

**Monday,  
August 12, 2002**

---

**Part IV**

## **Office of Management and Budget**

---

**Federal Financial Assistance Management  
Improvement Act of 1999;  
Implementation; Notices**

## OFFICE OF MANAGEMENT AND BUDGET

### Grants Streamlining Activities Under Public Law 106–107, Federal Financial Assistance Management Improvement Act of 1999

**AGENCY:** Office of Management and Budget.

**ACTION:** Notice.

**SUMMARY:** This Notice precedes five additional notices that relate to the interagency grants streamlining effort, prepared jointly by the Office of Management and Budget (OMB) staff and the interagency groups dedicated to implementing Public Law (Pub. L.) 106–107, the Federal Financial Assistance Management Improvement Act of 1999. This first Notice provides background and contextual information for the next five notices, which:

- Propose revisions to Office of Management and Budget (OMB) Circular A–133, “Audits of States, Local Governments, and Non-Profit Organizations,”
- Provide information about the OMB decision to not revise OMB Circular A–110, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,” based on comments relating to the May 1, 2000, Advanced Notice of Proposed Revision;
- Propose a standard format for Federal agency use in announcing discretionary grant and cooperative agreement funding opportunities;
- Propose standard data elements for Federal agency use in creating grant funding opportunity announcement summaries, to be used under the E-Grants initiative for its “E-FIND” option; and
- Propose revisions to three OMB circulars (A–21, “Cost Principles for Educational Institutions;” A–87, “Cost Principles for State, Local and Indian Tribal Governments;” and A–122, “Cost Principles for Non-Profit Organizations”) to clarify ambiguous language, thereby preventing inconsistent interpretations of similar cost items across the three circulars.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth C. Phillips, Office of Federal Financial Management, Office of Management and Budget, telephone 202–395–3053 (direct) or 202–395–3993 (main office) and e-mail: [ephillip@omb.eop.gov](mailto:ephillip@omb.eop.gov).

**SUPPLEMENTARY INFORMATION:** The purposes of Pub. L. 106–107 are to (1) improve the effectiveness and performance of Federal financial

assistance programs, (2) simplify Federal financial assistance application and reporting requirements, (3) improve the delivery of services to the public, and (4) facilitate greater coordination among those responsible for delivering the services. Pub. L. 106–107 requires the Director of the Office of Management and Budget (OMB) to direct, coordinate, and assist Federal agencies in establishing a common application and reporting system, including electronic processes, and uniform administrative rules for Federal financial assistance programs across different Federal agencies.

Under joint leadership from OMB and a lead agency (the Department of Health and Human Services) agencies are working together to make it easier for States, local, and Tribal governments; universities; and non-profit organizations to administer Federal grant programs. The work is done under interagency work groups created in June 2000 to develop and recommend streamlining and simplification proposals to the Grants Management Committee of the Chief Financial Officers Council, and include the Pre-Award, Post-Award, and Audit Oversight Work Groups. A fourth group, the Electronic Processing Work Group, operational in 2000 and 2001, was integrated this year into the organizational structure that supports an electronic grants (E-Grants) initiative. [E-Grants is part of the electronic government (E-Gov) priority under the President’s Management Agenda.]

Streamlining improvements to the grant process were proposed in hundreds of comments sent by 77 different sources responding to the January 17, 2001, **Federal Register** notice. Many of those comments directly relate to the proposals which follow this background Notice. Future notices will propose government-wide standards for grant applications and reports. OMB expects to issue these proposals in Fall 2002. E-Grants plans to deploy an electronic application process (E-APPLY) using the government-wide standards in Fall 2003.

A. The next Notice proposes to revise OMB Circular A–133, “Audits of States, Local Governments, and Non-Profit Organizations,” by (1) increasing the threshold for audit from \$300,000 to \$500,000; (2) increasing the threshold for cognizant agency for audit from \$25 million to \$50 million; and (3) making related technical changes to facilitate the determination of cognizant agency for audit and provide for Federal agency reassignment of oversight agency for audit.

This Notice was endorsed by the Audit Oversight Work Group, whose goal under grants streamlining is to ensure that audits provide useful and reliable information to Federal agencies and pass-through entities, and that recipient audits are in compliance with Federal audit requirements. An audit threshold increase, as proposed from \$300,000 to \$500,000, would relieve almost 6,000 entities from the audit requirements of Circular A–133 while retaining audit coverage for 99.5 percent of Federal awards currently audited (in dollars).

B. The third Notice explains the conclusions reached by OMB and the Grants Management Committee of the Chief Financial Officers (CFO) Council regarding a previous request for comment from Federal agencies and grant recipients, in May 2000, on the merits of pooled payment systems and grant-by-grant payment systems. The proposal to amend OMB Circular A–110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations, that would have required Federal agencies to offer recipients the option to request cash advances on a pooled basis, resulted in 65 comment letters from universities, State and local government agencies, Federal agencies, and other sources. There were differing perspectives on the issue, leading OMB and the CFO Council to believe that a revision to Circular A–110 is not needed. This Notice was prepared by the Post-Award Work Group after analysis of the comments received in response to the May 1, 2000, Advanced Notice of Proposed Revision.

C. The fourth Notice proposes a government-wide standard format for Federal agency use in announcing discretionary grant and cooperative agreement funding opportunities. Each year the agencies publish hundreds of funding opportunity announcements for discretionary grants under programs with a broad range of purposes, to give potential applicants the information they need, such as the types of activity the agency will support, who is eligible to apply, and when/how to apply. Comments from the applicant and recipient communities noted vast differences in Federal agencies’ announcement formats, making it hard for potential applicants to quickly locate key information, such as who is eligible to apply or whether cost sharing is required. Commentors asked for clear language in announcements and consistency in the placement of information.

This Notice was developed by the Pre-Award Work Group after a review of agency announcements and related business processes. The group developed the standard format for government-wide use, which will make it easier for potential applicants to quickly find the information they need.

D. The fifth Notice proposes standard data elements for Federal agency use in creating grant funding opportunity announcement summaries, to be used under the E-Grants initiative for its E-FIND option. The E-Grants initiative plans to provide a single Internet site for Federal agencies to post electronic summaries, or synopses, of the funding opportunity announcements on the General Services Administration's FedBizOpps Internet site (<http://www.FedBizOpps.gov>). E-FIND will greatly facilitate a potential applicant's search for funding opportunities.

This Notice was prepared by the Pre-Award Work Group, which made use of previous work on a set of FedBizOpps data elements completed by the Inter-Agency Electronic Grants Committee. The earlier work proposed a limited set of synopsis data elements (nine) to be used in a pilot on the use of FedBizOpps for grant opportunities. The result of that pilot demonstrated that agencies could, indeed, use the FedBizOpps Internet site to post electronic synopses of funding opportunities leading to the award of grants, cooperative agreements, and other financial assistance instruments. The Pre-Award Work Group expanded the synopsis to become a standard data set of twenty data elements. These data elements and the posting of information at the FedBizOpps site respond to many comments received during the Public Law 106-107 consultation process. Commentors requested a single searchable Internet site for information about Federal agencies' funding opportunities, to reduce potential their frustration with having to search multiple sites that individual Federal agencies configure in different ways.

E. The sixth and final Notice relating to grants streamlining proposes revisions to three OMB circulars (A-21, "Cost Principles for Educational Institutions;" A-87, Cost Principles for State, Local and Indian Tribal Governments;" and A-122, "Cost Principles for Non-Profit Organizations") to clarify ambiguous language, thereby addressing many grantee concerns expressed in the comments relating to the Public Law 106-107 initial plan published in the **Federal Register** on January 16, 2001. Commentors noted inconsistent

allocation methods and different interpretations about indirect cost recovery. The three circulars apply to different types of recipient organizations and were developed separately. Consequently, different language is used in the three circulars to describe similar cost items, sometimes causing inconsistent interpretations by Federal staff, recipients, and auditors.

This Notice was prepared by the Cost Principles Subgroup of the Post-Award Work Group, after reviewing 74 cost items in the three circulars for consistency. The Subgroup determined that 11 cost items can be deleted, 22 cost items do not need changes, and 41 cost items need common language in the three circulars. The Notice proposes revisions to incorporate consistent descriptions of similar cost items and, where possible, clarify existing policies in the three circulars. Information about the proposed revisions is also available on the OMB Internet site (<http://www.whitehouse.gov/omb/grants>).

Dated: July 31, 2002.

**Mark W. Everson,**  
Controller.

[FR Doc. 02-20257 Filed 8-9-02; 8:45 am]

**BILLING CODE 3110-01-P**

## OFFICE OF MANAGEMENT AND BUDGET

### Audits of States, Local Governments, and Non-Profit Organizations

**AGENCY:** Office of Management and Budget.

**ACTION:** Proposed revisions to OMB Circular A-133.

**SUMMARY:** This Notice proposes to revise Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," by (1) increasing the threshold for audit from \$300,000 to \$500,000, (2) increasing the threshold for cognizant agency for audit from \$25 million to \$50 million, and (3) making related technical changes to facilitate the determination of cognizant agency for audit and provide for Federal agency reassignment of oversight agency for audit.

**DATES:** All comments on this proposal should be in writing, and must be received by October 11, 2002. It is planned that the proposed revisions shall apply to audits of fiscal years ending after December 31, 2003, and earlier implementation will not be permitted.

**ADDRESSES:** Due to potential delays in OMB's receipt and processing of mail sent through the U.S. Postal Service, we encourage respondents to submit comments electronically to ensure timely receipt. We cannot guarantee that comments mailed will be received before the comment closing date.

Electronic mail comments may be submitted to: [tramsey@omb.eop.gov](mailto:tramsey@omb.eop.gov). Please include "A-133 Comments" in the subject line and the full body of your comments in the text of the electronic message and as an attachment. Please include your name, title, organization, postal address, telephone number, and E-mail address in the text of the message. Comments may also be submitted via facsimile to 202-395-4915.

Comments may be mailed to Terrill W. Ramsey, Office of Federal Financial Management, Office of Management and Budget, Room 6025, New Executive Office Building, Washington, DC 20503.

A copy of the current Circular A-133 published in the **Federal Register** on June 30, 1997 (62 FR 35277), is available on the Internet at <http://www.omb.gov> and then select "Grants Management."

#### FOR FURTHER INFORMATION CONTACT:

Terrill W. Ramsey, Office of Federal Financial Management, Office of Management and Budget, telephone 202-395-3812 (direct) or 202-395-3993 (main office) and e-mail: [tramsey@omb.eop.gov](mailto:tramsey@omb.eop.gov).

#### SUPPLEMENTARY INFORMATION:

A. Increase the Threshold for Audit from \$300,000 to \$500,000—OMB proposes to increase the audit threshold amount from \$300,000 to \$500,000.

The Single Audit Act Amendments of 1996, 31 U.S.C. 7502(a)(3), provide for the Director of OMB to review the single audit threshold and increase it as appropriate. The current audit threshold requires all non-Federal entities (States, local governments, and non-profit organizations) that expend \$300,000 or more in a year in Federal awards to have an audit conducted in accordance with Circular A-133.

As shown in the following table, an audit threshold increase from \$300,000 to \$500,000 would relieve almost 6,000 entities from the audit requirements of Circular A-133 while only exempting from audit less than one half of one percent of Federal awards expended (in dollars) by entities currently filing Circular A-133 audits.

Federal awards expended range	Number of entities filing reports	Percent of entities filing reports	Percent of Federal awards expended within range
\$300,000 to \$500,000 .....	6,000	18	.5
\$500,000 and above .....	28,000	82	99.5
Total .....	34,000	100	100.0

(The above data was compiled by the Federal Audit Clearinghouse (FAC) from its database of Circular A-133 audit submissions for non-Federal entity fiscal years ending in 2000. The FAC database is publicly accessible on the Internet at <http://harvester.census.gov/sac>.)

Many pass-through entities use Circular A-133 audit results as a primary tool in ensuring compliance for Federal awards passed through to a subrecipient. With the proposed increase in the audit threshold, subrecipients expending between \$300,000 and \$500,000 will no longer be required to have an audit under Circular A-133 so their pass-through entities will not be able to use the Circular A-133 audit as a monitoring tool.

However, the Circular A-133 audit is only one of many subrecipient monitoring tools available and subrecipient monitoring should occur throughout the year rather than relying solely on a once-a-year audit. Monitoring activities may take various forms; however, a first monitoring tool should be identifying to the subrecipient the Federal award information (e.g., Catalog of Federal Domestic Assistance (CFDA) title and number, award name, name of Federal agency) and applicable compliance requirements. Other monitoring tools include reviewing financial and performance reports submitted by the subrecipient, performing site visits to the subrecipient to review financial and programmatic records and observe operations, and arranging for agreed-upon procedures engagements for certain aspects of subrecipient activities, such as eligibility determinations as described in § \_\_\_\_ .230(b)(2) of Circular A-133. Factors such as the size of awards, percentage of the pass-through entity's total program funds awarded to subrecipients, the complexity of the compliance requirements, and risk of subrecipient non-compliance as assessed by the pass-through entity may influence the nature and extent of monitoring procedures. Additionally, Federal laws or regulations may impose subrecipient monitoring requirements specific to a Federal program.

The OMB Circular A-133 Compliance Supplement, Chapter 6, provides a list of typical internal controls for subrecipient monitoring. The Compliance Supplement is available on the Internet at <http://www.omb.gov> and then select "Grants Management." Additionally, OMB plans to request one or more single audit constituent groups to volunteer to develop additional tools and techniques which pass-through entities may use to monitor their subrecipients.

B. Increase the Threshold for Cognizant Agency for Audit from \$25 Million to \$50 Million—OMB proposes to increase the threshold for cognizant agency for audit from \$25 million to \$50 million.

Currently, recipients (non-Federal entities that expend Federal awards received directly from a Federal awarding agency) which expend more than \$25 million a year in Federal awards have a Federal agency designated as their cognizant agency for audit. All other non-Federal entities have a Federal agency as their oversight agency for audit. (Cognizant agency for audit and oversight agency for audit responsibilities are described in paragraphs § \_\_\_\_ .400(a) and (b) of Circular A-133, respectively.) The basic difference is that a cognizant agency for audit is required to perform certain oversight functions as listed in Circular A-133 and an oversight agency for audit is given the option to assume these responsibilities. The only responsibility the oversight agency for audit is required to perform is to provide technical advice to auditors and auditees upon request.

Of the approximately 34,000 non-Federal entities currently filing Circular A-133 audits, approximately 1,000 have a cognizant agency for audit. Increasing this threshold from \$25 million to \$50 million will reduce the number of non-Federal entities with a cognizant agency for audit assignments to approximately 500. This change will allow the Federal agencies to provide more focused audit oversight where there is the greatest risk in terms of Federal awards expended but still provide each non-Federal entity with an assigned oversight agency for

audit from which to request technical advice.

(Note, whether an entity has a cognizant agency for audit for a fiscal year is determined based on the expenditures for that fiscal year, not whether they met the threshold for cognizant agency for audit in the base year (see next paragraph for discussion of "base year"). For example, under the current threshold of \$25 million, if a non-Federal entity had only \$20 million Federal awards expended in 2002, they would not have a cognizant agency for audit for that year even if they had greater than \$25 million in Federal awards expended in the base year of 2000. Similarly, if the cognizant agency for audit threshold is increased effective for fiscal years ending after December 31, 2003, only non-Federal entities with Federal awards expended greater than \$50 million will have a cognizant agency for audit for those years. The cognizant agency for audit would continue to be the Federal agency that provided the predominant amount of direct funding in the base year.)

C. Technical Change—Base Year for Cognizant Agency for Audit Determination—OMB proposes to change the base year for cognizant agency for audit determination from one to two years before the start of the five year audit cognizance period. This change is needed to provide sufficient time to make cognizant agency for audit determinations before the start of the audit cognizance period.

Cognizant agency for audit is based upon which Federal agency provides the predominant amount of direct Federal awards funding to a recipient in the base year. For example, cognizant agency for audit determinations for the years 2001 through 2005 were based upon which Federal agency provided the predominant amount of Federal awards expended in the base years ending in 2000. Since Circular A-133 reports for the non-Federal entities' fiscal years ending December 31, 2000 were not required to be filed until September 30, 2001, it was not possible to produce a cognizant agency for audit assignment list at the start of 2001.

Under the proposed change, 2004 will be the base year for determining the cognizant agency for audit for 2006 through 2010. All fiscal year 2004 Circular A-133 reports are due to the FAC on or before September 30, 2005. This will provide sufficient time for Federal agencies to use the FAC database to produce a cognizant agency for audit list for the 2006 through 2010 audit cognizance period at the start of 2006. (Note, the base year for 2001 through 2005 will remain at 2000.)

D. Technical Change—Oversight Agency for Audit reassignment—OMB proposes to change the definition of oversight agency for audit to permit Federal agencies to make reassignments.

Currently Circular A-133 definitions do not specifically provide for the reassignment of oversight agency for audit. The proposed revision would explicitly provide for the reassignment of oversight agency for audit by Federal agencies similar to the reassignment of cognizant agency for audit.

Dated: July 31, 2002.

**Mark W. Everson,**  
Controller.

Circular A-133 is proposed to be revised as follows:

1. In the following sections, replace \$300,000 with \$500,000: § \_\_.200(a); § \_\_.200(b); § \_\_.200(d); § \_\_.230(b)(2); and § \_\_.400(d)(4).
2. In section § \_\_.400(a), first sentence, replace \$25 million with \$50 million.
3. Replace section § \_\_.400(a), third, fourth, and fifth (parenthetical) sentences with the following:

**§ \_\_.400 Responsibilities.**

(a) \* \* \* The determination of the predominant amount of direct funding shall be based upon direct Federal awards expended in the recipient's fiscal years ending in 2004, 2009, 2014, and every fifth year thereafter. For example, audit cognizance for periods ending in 2006 through 2010 will be determined based on Federal awards expended in 2004. (However, for 2001 through 2005, cognizant agency for audit is determined based on the predominant amount of direct Federal awards expended in the recipient's fiscal year ending in 2000).

\* \* \* \* \*

4. In section § \_\_.105, definition of oversight agency for audit, add the following at the end of the definition: "A Federal agency with oversight for an auditee may reassign oversight to another Federal agency which provides substantial funding and agrees to be the oversight agency for audit. Within 30 days after any reassignment, both the old and the new oversight agency for

audit shall notify the auditee, and, if known, the auditor of the reassignment."

[FR Doc. 02-20258 Filed 8-9-02; 8:45 am]

BILLING CODE 3110-01-P

**OFFICE OF MANAGEMENT AND BUDGET**

**Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations**

**AGENCY:** Office of Management and Budget.

**ACTION:** Notice.

**SUMMARY:** This notice explains the conclusions reached by OMB and the Grants Management Committee of the Chief Financial Officers (CFO) Council regarding their previous request for comments on the desirability of requiring Federal grant-making agencies to offer their grantees the option to request cash advances on a pooled basis, and on the merits of pooled payment systems and grant-by-grant payment systems. They have decided not to propose an amendment to OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," which would include such a requirement. The rationale for this determination is explained below.

**FURTHER INFORMATION CONTACT:** Gilbert Tran, Technical Manager, Office of Management and Budget, at (202) 395-3052.

**SUPPLEMENTARY INFORMATION:**

**I. Purpose**

This notice explains the conclusions reached by OMB and the Grants Management Committee of the CFO Council regarding our previous request for comments on the desirability of requiring Federal grant-making agencies to offer their grantees the option to request cash advances on a pooled basis (*i.e.*, when cash advances are requested from a pool rather than on a grant-by-grant basis), and on the merits of the two systems. The rationale for the decision not to propose an amendment to OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," that would include such a requirement, is explained below.

It is also intended that this notice explain the differing perspectives and clarify when pooling is applicable, in order to maintain a policy which can work for all.

**II. Background**

On May 1, 2000, 65 FR 25396, OMB published an Advance Notice of Proposed Revision (ANPR) in which comments were sought on several questions relating to Federal requirements for requesting and issuing cash payments under Federal awards. The core issue was whether OMB should amend A-110 to require Federal awarding agencies to make the pooling method of requesting and issuing cash payments under awards available to their award recipients.

**III. Grant-By-Grant Payment Systems**

With the grant-by-grant payment method, a recipient identifies estimated costs for each award and requests cash advances on that basis. Some of these agencies approve the requests on a grant-by-grant basis, pool the individual amounts, and issue payments in the aggregate.

Some Federal agencies systems currently require grant-by-grant requests, and several indicated that their grant-by-grant payment systems are more streamlined than the pooled systems. One agency said it had eliminated the need for the SF-272 (Report of Federal Cash Transactions) and SF-269 (Financial Status Report) by accepting grant-by-grant cash requests as reports of cash usage and recording them as expenditures.

Agencies that use this method believe it generates better data and strengthens their recipient monitoring programs. With grant-by-grant systems, it was reported that agencies have more timely information on payments and can provide more immediate technical assistance to a recipient experiencing problems with a particular grant. It was also reported that pooled payment reports often arrive too late for agencies to help recipients take corrective actions on specific grants.

**IV. The Pooled Payment System**

Under a pooled payment process, the recipient estimates the aggregate amount of cash that it will need for all of its awards from the awarding agency and requests a cash advance in that amount. The awarding agency uses a methodology it has developed to estimate how the recipient will distribute the cash advances among its various awards; it then assigns the estimated amounts to awards in its internal accounts. When recipients

report actual expenditures, the agency adjusts the allocation to the actual reported expenditures. Recipients report expenditures for each grant via financial reports such as the SF-269 or SF-272. Since these estimates are adjusted to actual when the recipients submit their reports, accurate and timely reporting is essential.

Since many recipients, particularly those with a high volume of grant awards, are unable to determine actual cash needs on a grant-by-grant basis at the time of draw without expending considerable time and effort, requiring this determination up-front may cause recipients to draw larger amounts of cash, less frequently. Some agencies believe that a transition from grant-by-grant to pooled payments must be accompanied by monthly reporting of actual expenditures, in an electronic format, rather than the paper-based quarterly reporting that is currently required by some agencies using pooled payment systems.

#### V. Summary of Comments Received

Altogether, 65 comments were received: 33 from universities, 14 from State and local agencies, 14 from Federal agencies, and four from other sources. The following text explains the conclusions reached after considering these comments.

Comments were requested on whether Circular A-110 should be amended to require that Federal grant-making agencies make the pooling option available to their grantees, and on questions relating to the merits of pooled payments and grant-by-grant payment systems.

The 33 comments received from universities unanimously supported making the pooling option available to recipients. The 14 Federal commenters were divided, as indicated in Sections III and IV, above, with some agencies preferring grant-by-grant payments and other agencies supportive of a pooled payment process. Of the 14 State and local agencies commenting, only eight has comments on this question, with five opposed to the idea of requiring Federal awarding agencies to make the pooling method available and one that expressed concern about being forced to pool. Their opposition must be viewed as theoretical, however, because Circular A-110 does not apply to State and local governments. [The audience for Circular A-110 consists of universities, hospitals, and other not-for-profit organizations.]

The universities' strong support for the pooling method stems from the ways in which their administrative needs differ from those of State and local

governments. Major research universities typically have large grant portfolios that may include hundreds, or even thousands, of discretionary grants. Indeed, one university responding to the ANPR submitted an itemized list of its Federal awarding agencies and the number of active awards from each; the commenter had 1,260 awards from nine Federal agencies, with the number of awards per agency ranging from ten to 400. Many of the awards received by such universities may be for relatively small dollar amounts; awards to the aforementioned commenter from one Federal agency averaged \$2,500. The universities find the pooling method of requesting advances responsive to the difficulty of gauging their cash needs for each of their Federal awards at the specific point in time that they need to make a cash draw.

To illustrate, an organization representing the higher education community commented that "[our] membership firmly believes that a pooled payment system as described in the subject notice would be a significant step toward streamlining the payment procedures for recipients of federal assistance. We know that streamlining is a priority for the government and concur with the findings of the CFO Council that the pooling method as currently practiced at NSF and DHHS provides a more efficient and customer-friendly method of drawing cash for grant purposes."

Conversely, universities find it much more labor-intensive and administratively burdensome to generate actual, grant-by-grant data. The aforementioned commenter added that "drawing cash on a grant-by-grant basis is time consuming and adds no value to the process. [Our] member universities report that much more effort is required for grant-by-grant drawdowns than is necessitated by pooled draws \* \* \* This practice is not conducive to good management of federal funds and results in poor management of university resources. Using the grant-by-grant drawdown process in effect converts an advance payment system into a reimbursement system. The cost and burden of estimating, executing and adjusting for grant-by-grant drawdowns is excessive."

#### VI. Conclusion

Given the differing perspectives on this issue and the division between the 14 Federal commenters, revising Circular A-110 does not appear to be the most effective approach. In order to maintain a policy that can work for all, OMB and the CFO Council believe that the grant-by-grant option is not

encouraged; however, this method is permitted when a Federal agency and its Circular A-110 grant recipient agree that grant-by-grant requests for cash advances are preferable to pooled requests. We are committed to encouraging the pooling method for the Circular A-110 community, yet permitting the grant-by-grant method when both the Federal agency and the grant recipient prefer that method, or when the awarding agency determines that conditions require it.

OMB will, therefore, leave Circular A-110 unchanged. The existing Circular A-110 text does not require Federal awarding agencies to make the pooled payment method available to their recipients, but it does authorize them to do so. Section 22(c) provides that, "Whenever possible, advances shall be consolidated to cover anticipated cash needs for all awards made by the Federal awarding agency to the recipient." Since the awarding agency must determine when conditions merit making pooled payments to a recipient, the existing text takes a permissive, rather than a mandatory, approach to the issue.

Dated: July 31, 2002.

**Mark W. Everson,**  
*Controller.*

[FR Doc. 02-20259 Filed 8-9-02; 8:45 am]

**BILLING CODE 3110-01-P**

#### OFFICE OF MANAGEMENT AND BUDGET

##### Office of Federal Financial Management Policy Directive on Financial Assistance Program Announcements

**AGENCY:** Office of Management and Budget.

**ACTION:** Notice of proposed policy issuance directive.

**SUMMARY:** The Office of Federal Financial Management (OFFM) proposes to establish a standard format for Federal agency announcements of funding opportunities under programs that award discretionary grants or cooperative agreements. The purpose of the standard format is to have information organized in a consistent way in program announcements for the hundreds of Federal programs that make financial assistance awards to non-Federal recipients. The Federal awarding agencies jointly developed this format as one part of the implementation of the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. 106-107). Consistent with the streamlining and

simplification purposes of that public law, a standard format will make it easier for potential applicants to quickly find the information they need.

**DATES:** All comments on this proposal should be in writing, and must be received by October 11, 2002.

**ADDRESSES:** Due to potential delays in OMB's receipt and processing of mail sent through the U. S. Postal Service, we encourage respondents to submit comments electronically to ensure timely receipt. We cannot guarantee that comments mailed will be received before the comment closing date.

Electronic mail comments may be submitted to: [ephillip@omb.eop.gov](mailto:ephillip@omb.eop.gov). Please include "Grant Announcement Format Comments" in the subject line and the full body of your comments in the text of the electronic message and as an attachment. Please include your name, title, organization, postal address, telephone number, and e-mail address in the text of the message. Comments may also be submitted via facsimile to 202-395-3952.

Comments may be mailed to Elizabeth Phillips, Office of Federal Financial Management, Office of Management and Budget, Room 6025, New Executive Office Building, Washington, DC 20503.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Phillips, Office of Federal Financial Management, Office of Management and Budget, telephone 202-395-3053 (direct) or 202-395-3993 (main office) and e-mail: [ephillip@omb.eop.gov](mailto:ephillip@omb.eop.gov).

**SUPPLEMENTARY INFORMATION:** This notice proposes to establish, by way of a policy directive, a standard format for organizing the information that Federal agencies include in their announcements of funding opportunities under programs that use discretionary grants or cooperative agreements. This policy directive will implement an outcome of the Federal agencies' streamlining and simplification efforts, under Public Law 106-107. There may be subsequent OFFM policy directives to implement other outcomes of those efforts where revision of OMB circulars, or issuance of a rule or Executive Order is not warranted.

This action addresses a need that non-Federal entities identified during the public consultation process mandated by Public Law 106-107. Commenters suggested that if all agencies' program announcements were to present information in the same order, a potential applicant could more easily and quickly find the key pieces of information it needed at each point in the process (e.g., to decide at the outset whether it was eligible and wished to

apply and to later prepare and submit an application).

The proposed announcement format is an interim product in that it addresses some, but not all, of the public comments on program announcements. It responds to comments on the need for consistency in placement and ease of locating pertinent information within announcements. It also incorporates language in Sections III and V to address comments that some announcements are not sufficiently clear about the way in which applicants' cost sharing is considered in selecting applications for funding. The Federal agencies are proposing this announcement format as an interim product so that potential applicants can begin to realize the benefits of a standard format while we continue to consider other issues addressed in the public comments, including suggestions that we try to establish a uniform approach to defining what constitutes a late application. As we complete work on the issues identified in those comments, we will propose updates to the announcement format, as warranted.

The proposed announcement format described in this Notice relates to another proposal described in a subsequent notice in this section of today's **Federal Register**. That proposal is a set of data elements that Federal agencies would use to synopsise available funding opportunities at FedBizOpps, an Internet site maintained by the General Services Administration. The purposes of FedBizOpps synopses are to give potential applicants a single site to search for Federal funding opportunities, to provide enough information for them to decide whether they want to read the full announcement, and to provide one or more ways (e.g., an electronic link to another Internet site, an e-mail address or a telephone number) to get that announcement. The FedBizOpps information therefore complements the full announcement described in this Notice.

We welcome your input on any aspect of the proposed format. Questions that you may wish to address include:

- Is there additional information that should appear in the overview segment preceding the full text of the announcement?
- Do you feel that we need to add or delete any categories or subcategories of information in the full text of the announcement? For example, should you choose to apply, are the information elements sufficient for you to determine what you must submit, and when and how you must do so? If you suggest an additional information element, please

explain why you recommend its inclusion.

- Are terms used in the format readily understandable? Are the terms generic enough to cover all programs and agencies in which you might have an interest? Do you have suggestions for alternate terms?

Dated: July 31, 2002.

**Mark W. Everson,**  
Controller.

### To the Heads of Executive Departments and Establishments

*Subject: Format for Financial Assistance Program Announcements*

1. *Purpose.* This policy directive establishes a government-wide funding opportunity announcement format for Executive Branch departments and agencies to use in programs that make discretionary awards of grants or cooperative agreements. Program announcements include all paper and electronic issuances that Federal departments and agencies use to announce funding opportunities, whether they are called "program announcements," "notices of funding availability," "broad agency announcements," "research announcements," "solicitations," or something else.

2. *Authority.* This policy directive is a part of the implementation of the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. 106-107).

3. *Background.* The Federal Financial Assistance Management Improvement Act of 1999 required the Office of Management and Budget (OMB) to direct, coordinate, and assist Executive Branch departments and agencies in establishing an interagency process to streamline and simplify Federal financial assistance procedures for non-Federal entities. It also required each Executive agency to develop, submit to the Congress, and implement a plan for that streamlining and simplification.

Twenty-six Executive Branch agencies jointly submitted a plan to the Congress in May 2001, as the Act required. The plan described the interagency process through which the agencies would review current policies and practices and seek to streamline and simplify them. The process involved interagency work groups under the auspices of the Grants Management Committee of the Chief Financial Officers Council. The plan also identified substantive areas in which the interagency work groups had begun their review.

One of the substantive areas that the agencies identified in the plan was the form and

content of program announcements. The agencies stated in the May 2001 plan that their preliminary analysis suggested a potential for developing a more consistent announcement format across the many Federal agencies and programs. A standard announcement format with information content organized in a consistent way will let applicants quickly and efficiently find the information they need, in order to decide whether a particular funding opportunity is of interest and to prepare an application. An interagency work group developed the format attached to this policy letter and recommended that the OMB's Office of Federal Financial Management (OFFM) issue it as the standard for all programs that use discretionary grants or cooperative agreements.

4. *Policy.* The format attached to this policy directive is the government-wide standard format for programs that make discretionary awards of grants or cooperative agreements, with the exception of programs that do not issue separate announcements apart from the program description in the *Catalog of Federal Domestic Assistance* (CFDA). For those excepted programs, the format will continue to conform with the guidance in OMB Circular A-89 for program information in the CFDA.

#### 5. *Responsibilities.*

a. *Agency Responsibilities.* Executive Branch departments and agencies:

(1) Must issue any needed direction to offices that award grants or cooperative agreements under discretionary programs, in order to establish the attached format as the standard for those programs' announcements. All announcements must include information elements that are marked "required" in the format. An announcement for a given program may use elements that are marked "optional," as appropriate for the program. Whether or not the announcement includes any "optional" elements, the information that is included must be organized to conform with the standard format.

(2) Are to request exceptions from this OFFM policy directive for any program announcement(s) with information organized in a way that deviates from the standard format.

b. *OMB Responsibilities.* The OMB:

(1) Will update this policy directive as needed, based on recommendations from interagency work groups such as those sponsored by the Chief Financial Officers Council.

(2) Must respond within 30 days to an agency's request for an exception from this policy letter, either with a final

decision or an estimate of the time needed to render that decision.

6. *Information Contact.* Direct any questions regarding this policy directive to Elizabeth Phillips, OFFM, 202-395-3053 (direct) or 202-395-3993 (main office).

7. *Effective Date.* The policy directive is effective 30 days after issuance. All implementing actions other than regulatory revisions must be completed by the Executive departments and agencies within 6 months of the effective date; regulatory revisions must be completed within 12 months.

Mark W. Everson,

*Controller.*

Attachment

### Announcement of Federal Funding Opportunity

This document is a uniform format for Federal agencies' announcements of funding opportunities under which discretionary awards of grants or cooperative agreements may be made. The format has two parts, the first for overview information and the second for the full text of the announcement.

#### Overview Information

The agency must display prominently the following information (not necessarily in the same sequential order) in a location preceding the full text of the announcement:

- **Agency Name(s)—Required.**

Include the name of your department or agency, the specific office(s) within the agency (e.g., bureau, directorate, division, or institute) that are involved in the funding opportunity, and the mailing address with zip code.

- **Program Name—Optional.** If your agency has a program name that is different from the Funding Opportunity Title, you could include it here.

- **Funding Opportunity Title—Required.**

- **Funding Opportunity Number—Optional.** Your agency may wish to assign identifying numbers to announcements.

- **Catalog of Federal Domestic Assistance (CFDA) Number(s)—Required.**

- **CFDA Title(s)—Optional.** This is the program name listed in the CFDA for each CFDA number given above.

- **Dates—Required.** Include key dates that potential applicants need to know. Key dates include due dates for applications or Executive Order 12372, "Intergovernmental Review of Federal Programs" (July 14, 1982), submissions, as well as any letters of intent or pre-applications. For any announcement issued before a program's application

materials are available, key dates also include the date on which those materials will be released.

The program office must present the overview information described above and may present other information it wishes. It can do so in any of the following ways:

- **Executive Summary.** An agency may wish to include an executive summary of the announcement before the full text. For announcements that are long (25 pages or more in length) or complex, agencies should consider including executive summaries with the overview information described above and additional key information (e.g., who is eligible to apply and where one can get application materials), so that potential applicants can more quickly and easily find what they need. An executive summary should be short, preferably one page, with information in concise bullets to give an overview of the funding opportunity.

- **Cover and/or Inside Cover.** If the agency does not wish to include an executive summary, an alternative is to provide the overview information on the cover and/or inside cover of the announcement (or the first screen a potential applicant would see, in the case of an electronic announcement).

- **Federal Register Format.** For an announcement that appears as a notice in the **Federal Register**, some of the required overview information will appear with other information near the beginning of the notice, due to the **Federal Register's** standard format for notices. Remaining overview information may be included in the **SUMMARY** section of the **Federal Register** notice or immediately preceding the full text of the announcement in the **SUPPLEMENTARY INFORMATION** section.

#### Full Text of Announcement

The full text of the announcement is organized in sections. The format indicates immediately following the title of each section whether that section is required in every announcement or is an agency option.

The format is designed so that similar types of information will appear in the same sections in announcements of different Federal funding opportunities. Toward that end, there is text in each of the format's sections to describe the types of information that an agency would include in that section of an actual announcement.

An agency that wishes to include information on a subject that the format does not specifically discuss may address that subject in whatever section(s) is most appropriate. For example, if an announcement chooses to

address performance goals in the announcement, it might do so in the funding opportunity description, the application content, and/or the reporting requirements.

Similarly, when this format calls for a type of information to be in one particular section, an agency wishing to address that subject in other sections may elect to repeat the information in those sections or use cross references between the sections. For example, an agency may want to include in Section I information about the types of recipients who are eligible to apply. The format specifies a standard location for that information in Section III.1 but that does not preclude repeating the information in Section I or creating a cross reference between Sections I and III.1, as long as a potential applicant can find the information quickly and easily from the standard location.

The sections of the full text of the announcement are described in the following paragraphs.

#### I. Funding Opportunity Description—Required

This section contains the full programmatic description of the funding opportunity. It may be as long as needed to adequately communicate to potential applicants the areas in which funding may be provided. It describes the agency's funding priorities or the technical or focus areas in which the agency intends to provide assistance. As appropriate, it may include any program history (e.g., whether this is a new program or a new or changed area of program emphasis). This section may communicate indicators of successful projects (e.g., if the program encourages collaborative efforts) and may include examples of projects that have been funded previously. This section also may include other information the agency deems necessary, such as citations for authorizing statutes and regulations for the funding opportunity.

#### II. Award Information—Required

Provide sufficient information to help an applicant make an informed decision about whether or not to submit a proposal. Relevant information could include the total amount of funding that your agency expects to award through the announcement; the anticipated number of awards; the expected amounts of individual awards (which may be a range); the amount of funding per award, on average, experienced in previous years; and the anticipated start dates and periods of performance for new awards. This section also should address whether applications for renewal or supplementation of existing

projects are eligible to compete with applications for new awards.

This section also must indicate the type(s) of assistance instrument (i.e., grant, cooperative agreement, and/or other instrument) that may be awarded if applications are successful. If cooperative agreements may be awarded, this section either should describe the "substantial involvement" that the agency expects to have or should reference where the potential applicant can find that information (e.g., in the funding opportunity description in Section I or award administration information in Section VI). If procurement contracts also may be awarded, you must say so.

#### III. Eligibility Information

This section addresses considerations or factors that make an applicant or application eligible or ineligible for consideration. This includes the eligibility of particular types of applicant organizations, any factors affecting the eligibility of the principal investigator or project director, and any criteria that make particular projects ineligible. You should make clear whether an applicant's failure to meet an eligibility criterion by the time of an application deadline will result in your agency's returning the application without review or, even though an application may be reviewed, will preclude the agency from making an award. Key elements to be addressed are:

1. **Eligible Applicants—Required.** You must clearly identify the types of entities that are eligible to apply. If there are no restrictions on eligibility, this section may simply indicate that all potential applicants are eligible. If there are restrictions on eligibility, it is important to be clear about the specific types of entities that are eligible, not just the types that are ineligible. For example, if your program is limited to non-profit organizations subject to Section 501(c)(3) of the tax code, your announcement should say so. Similarly, it is better to state explicitly that Native American tribal organizations are eligible than to assume that they can unambiguously infer that from a statement that non-profit organizations may apply. Eligibility also can be expressed by exception, (e.g., open to all types of domestic applicants other than individuals). This section should refer to any portion of Section IV specifying documentation that must be submitted to support an eligibility determination (e.g., proof of 501(c)(3) status as determined by the Internal Revenue Service or an authorizing tribal resolution).

2. **Cost Sharing—Required.** You must state whether there is required cost sharing, matching, or cost participation without which an application would be ineligible (if cost sharing is not required, you must explicitly say so). Required cost sharing may be a certain percentage or amount, or may be in the form of contributions of specified items or activities (e.g., provision of equipment). Cost sharing as an eligibility criterion includes requirements based in statute or regulation, as well as those imposed by administrative decision of the agency. This section should refer to the appropriate portion(s) of Section IV stating any pre-award requirements for submission of letters or other documentation to verify commitments to meet cost-sharing requirements if an award is made.

3. **Other—Required, if applicable.** If there are other eligibility criteria (i.e., criteria that have the effect of making an application or project ineligible for award, whether you refer to them as "responsiveness" criteria, "go-no go" criteria, "threshold" criteria, or in other ways), you must clearly state them. For example, if entities that have been found to be in violation of a particular Federal statute are ineligible, it is important to say so. In this section you also may indicate whether there is any limit to the number of applications an applicant may submit under the announcement. You also should use this section to address any eligibility criteria for beneficiaries or for program participants other than award recipients.

#### IV. Application and Submission Information

1. **Address to Request Application Package—Required.** You must tell potential applicants how to get application forms, kits, or other materials they need to apply (if this announcement contains everything they need, this section need only say so). You may give an Internet address where they can access the materials.\* Since high-speed Internet access is not yet universally available for downloading documents, there also should be a way for potential applicants to request paper copies of materials, such as a U.S. Postal Service mailing address, telephone or fax number, Telephone Device for the Deaf (TDD) number, and/or Federal Information Relay Service (FIRS) number.

2. **Content and Form of Application Submission—Required.** This section should identify the required content of an application and the forms or formats that an applicant must use to submit it. This section also should address any

preliminary submissions that the agency requires or encourages, either to facilitate its own planning or to provide potential applicants with feedback to help them decide whether to submit a full proposal.

For a full application, this includes all content and forms or formats that constitute a complete application, including: general information (*e.g.*, applicant name and address), budgetary information, narrative programmatic information, biographical sketches, and all other required information (*e.g.*, documentation that an applicant meets stated eligibility criteria or certifications or assurances of compliance with applicable requirements). If any requirements are stated elsewhere because they are general requirements that apply to multiple programs or funding opportunities, this section may refer to where those requirements may be found. You must either include required forms or formats as part of this announcement or state where the applicant may obtain them.

In this section, you should specifically address content and form or format requirements for:

- Pre-applications, letters of intent, or white papers that your agency requires or encourages (see Section IV.3), including any limitations on the number of pages or other formatting requirements similar to those for full applications.

- The application as a whole. For hard copy submissions, that could include any limitations on the number of pages, font size and typeface, margins, paper size, number of copies, and sequence or assembly requirements. If electronic submission is permitted or required,\* that could include special requirements for formatting or signatures.

- Component pieces of the application (*e.g.*, if all copies of the application must bear original signatures on the face page or the program narrative may not exceed 10 pages). This includes any pieces that may be submitted separately by third parties (*e.g.*, references or letters confirming commitments from third parties that will be contributing a portion of any required cost sharing).

- Information that successful applicants must submit after your agency notifies them of its intent to make awards, but prior to award. This could include evidence of compliance with human subjects requirements or information your agency needs to comply with the National Environmental Policy Act (NEPA).

3. Submission Dates and Times—Required. Your announcement must identify due dates and times for all submissions. This includes not only the full applications but also any preliminary submissions (*e.g.*, letters of intent, white papers, or pre-applications). It also includes any other submissions of information before award that are separate from the full application. If the funding opportunity is a general announcement that is open for a period of time with no specific due dates for applications, this section should say so. Note that the information on dates that is included in this section also must appear with other overview information in a location preceding the full text of the announcement (see “Overview Information” segment of this format).

For each type of submission that you address, this section should indicate whether the submission is encouraged or required and, if required, any deadline date for submission (or dates, if the agency plans more than one cycle

of application submission, review, and award under the announcement). The announcement should state (or provide a reference to another document that states):

- Any deadline in terms of a date and local time.

- What the deadline means (*e.g.*, whether it is the date and time by which the agency must receive the application, the date by which the application must be postmarked, or something else) and how that depends, if at all, on the submission method (*e.g.*, mail, electronic, or personal/courier delivery).

- The effect of missing a deadline (*e.g.*, whether late applications are neither reviewed nor considered or are reviewed and considered under some circumstances).

- How the receiving Federal office determines whether an application or pre-application has been submitted before the deadline. This includes the form of acceptable proof of mailing or system-generated documentation of receipt date and time.

This section also may indicate whether, when, and in what form the applicant will receive an acknowledgment of receipt.

You should consider displaying the above information in ways that will be easy to understand and use. It can be difficult to extract all needed information from narrative paragraphs, even when they are well written. A tabular form for providing a summary of the information may help applicants for some programs and give them what effectively could be a checklist to verify the completeness of their application package before submission. For example, a summary table might look like:

What to submit	Required content	Required form or format	When to submit it
Preapplication (optional, but encouraged).	Described in Section IV.2 of this announcement.	Format described in section ____ of grants policy manual at (give URL or where to obtain the manual)*.	By (give pre-application due date).
<b>Application:</b>			
Cover sheet .....	(Per required form) .....	Form SF-____, available from (give source).	
Budget information .....	(Per required form) .....	Form SF-____, available from (give source).	
Narrative .....	Described in Section IV.2 of this announcement.	Format described in Section IV.2 of this announcement.	
Assurances .....	(Per required form) .....	Form SF-____, available from (give source).	
Letters from third parties contributing to cost sharing.	Third parties' affirmations of amounts of their commitments.	No specific form or format.	

What to submit	Required content	Required form or format	When to submit it
Statement of intent to comply with human subjects requirement.	(Per required form) .....	Form SF-____, available from (give source).	Prior to award, when requested by grants officer (if application is successful).

\* With respect to electronic methods for providing information about funding opportunities or accepting applicants' submissions of information, each agency is responsible for compliance with Section 508 of the Rehabilitation Act of 1973, as amended by the Workforce Investment Act of 1998.

4. Intergovernmental Review—Required, if applicable. If the funding opportunity is subject to Executive Order (EO) 12372, “Intergovernmental Review of Federal Programs,” you must say so. In alerting applicants that they must contact their State’s Single Point of Contact (SPOC) to find out about and comply with the State’s process under EO 12372, you should inform them that the names and addresses of the SPOCs are listed in the Office of Management and Budget’s home page at: <http://www.whitehouse.gov/omb/grants/spoc.html> to ensure the most up-to-date contact information is made available.

5. Funding Restrictions—Required. You must include information on funding restrictions in order to allow an applicant to develop an application and budget consistent with program requirements. Examples are whether construction is an allowable activity, if there are any limitations on direct costs such as foreign travel or equipment purchases, and if there are any limits on indirect costs (or facilities and administrative costs).

6. Other Submission Requirements—Required. This section must address any other submission requirements not included in the other paragraphs of this section. This might include the form of submission, i.e., paper or electronic, for each type of required submission. Applicants should not be required to submit in more than one format and this section should indicate whether they may choose whether to submit applications in hard copy or electronically, may submit only in hard copy, or may submit only electronically.

This section also must indicate where applications (and any pre-applications) must be submitted if sent by postal mail, electronic means, or hand-delivery. For postal mail submission, this should include the name of an office, official, individual or function (e.g., application receipt center) and a complete mailing address. For electronic submission, this should include the “url” or e-mail address; whether a password(s) is required; whether particular software or other electronic capabilities are required; what to do in the event of system problems and a point of contact that will be available in the event the

applicant experiences technical difficulties.\*

#### V. Application Review Information

1. Criteria—Required. This section must address the criteria that your agency will use to evaluate applications. This includes the merit and other review criteria that evaluators will use to judge applications, including any statutory, regulatory, or other preferences (e.g., minority status or Native American tribal preferences) that will be applied in the review process. These criteria are distinct from eligibility criteria that are addressed before an application is accepted for review and any program policy or other factors that are applied during the selection process, after the review process is completed. The intent is to give applicants visibility into the evaluation process so that they can make informed decisions when preparing their applications and so that the process is as fair and equitable as possible.

The announcement should clearly describe all criteria, including any sub-criteria. If criteria vary in importance, the announcement should specify the relative percentages, weights, or other means used to distinguish among them. For statutory, regulatory, or other preferences, the announcement should provide a detailed explanation of those preferences with an explicit indication of their effect (e.g., whether they result in additional points being assigned).

If an applicant’s proposed cost sharing will be considered in the review process (as opposed to being an eligibility criterion described in Section III.2), the announcement must specifically address how it will be considered (e.g., to assign a certain number of additional points to applicants who offer cost sharing, or to break ties among applications with equivalent scores after evaluation against all other factors). If cost sharing will not be considered in the evaluation, the announcement should say so, so that there is no ambiguity for potential applicants. Vague statements that cost sharing is encouraged, without clarification as to what that means, are unhelpful to applicants.

2. Review and Selection Process—Required. This section may vary in the level of detail provided. The announcement must list any program policy or other factors or elements, other than merit criteria, that the selecting official may use in selecting applications for award (e.g., geographical dispersion, program balance, or diversity).

You also may include other details you deem appropriate. For example, this section may indicate who is responsible for evaluation against the merit criteria (e.g., peers external to the agency or Federal agency personnel) and/or who makes the final selections for award. If you have a multi-phase review process (e.g., an external panel advising internal agency personnel who make final recommendations to the deciding official), you may describe the phases. You also may include: The number of people on an evaluation panel and how it operates, the way reviewers are selected, reviewer qualifications, and the way that conflicts of interest are avoided. In addition, if you permit applicants to nominate suggested reviewers of their applications or suggest those they feel may be inappropriate due to a conflict of interest, that information should be included in this section.

3. Anticipated Announcement and Award Dates—Optional. This section is intended to provide applicants with information they can use for planning purposes. If there is a single application deadline followed by the simultaneous review of all applications, the agency can include in this section information about the anticipated dates for announcing successful applicants and for having awards in place. If applications are received and evaluated on a “rolling” basis at different times during an extended period, it may be appropriate to give applicants an estimate of the time needed to process an application and notify the applicant of the agency’s decision.

#### VI. Award Administration Information

1. Award Notices—Required. This section should address what a successful applicant can expect to receive following selection. If your

practice is to provide a separate notice stating that an application has been selected before you actually make the award, this section would be the place to indicate that the letter is not an authorization to begin performance (except at the recipient's own risk, to the extent that you allow charging to awards of pre-award costs). This section should indicate that the notice of award signed by the grants officer (or equivalent) is the authorizing document, and whether it is provided through postal mail or by electronic means and to whom. It also may address the timing, form, and content of notifications to unsuccessful applicants.

2. Administrative Requirements—Required. This section should address the administrative requirements your agency's awards include, so that a potential applicant may identify any requirements with which it would have difficulty complying if its application is successful. In those cases, early notification about the requirements allows the potential applicant to decide not to apply or to take needed actions before award. The announcement need not include all of the award terms and conditions, but may refer to a document (with information about how to obtain it) or Internet site\* where applicants can see the terms and conditions.

If this funding opportunity will lead to awards with some special terms and conditions that differ from your agency's usual (sometimes called "general") terms and conditions, this section should highlight those special terms and conditions. Doing so will alert applicants who have received awards from your agency previously and might not otherwise expect different terms and conditions. For the same reason, you may wish to inform potential applicants about special requirements that could apply to particular awards after review of applications and other information, based on the particular circumstances of the effort to be supported (e.g., if human subjects were to be involved).

3. Reporting—Optional. If the funding opportunity may attract first-time applicants, it is helpful to include in this section some general information about the type (e.g., financial or performance), frequency, and means of submission (paper or electronic) of post-award reporting requirements, even if the details are included in the award terms and conditions.

You also should highlight any special reporting requirements for awards under this funding opportunity that differ (e.g., by report type, frequency, form/format, or circumstances for use) from what your agency's awards usually require.

This section should clearly indicate whether any special reporting requirement is in addition to or in lieu of the usual reporting requirements.

#### VII. Agency Contact(s)—Required

You must give potential applicants a point(s) of contact for answering questions or helping with problems while the funding opportunity is open. The intent of this requirement is to be as helpful as possible to potential applicants, so you should consider approaches such as giving:

- Points of contact who may be reached in multiple ways (e.g., by telephone, FAX, and/or e-mail, as well as regular mail).
- A fax or e-mail address that multiple people access, so that someone will respond even if others are unexpectedly absent during critical periods.
- Different contacts for distinct kinds of help (e.g., one for questions of programmatic content and a second for administrative questions).

#### VIII. Other Information

This section may include any additional information that will assist a potential applicant. For example, the section might:

- Indicate whether this is a new program or a one-time initiative.
- Mention related programs or other upcoming or ongoing agency funding opportunities for similar activities.
- Include Internet addresses for agency Web sites that may be useful to an applicant in understanding the program (**Note:** you should make certain that any Internet sites are current and accessible).\*
- Alert applicants to the need to identify proprietary information and inform them about the way the agency will handle it.
- Let applicants know where the agency will post any subsequent amendments to the announcement, particularly if an alternative medium is used for that purpose.
- Include certain routine notices to applicants (e.g., that the government is not obligated to make any award as a result of the announcement or that only grants officers can bind the government to the expenditure of funds).

\*With respect to electronic methods for providing information about funding opportunities or accepting applicants' submissions of information, each agency is responsible for compliance with Section 508 of the Rehabilitation Act of 1973, as amended by the Workforce Investment Act of 1998.

[FR Doc. 02-20260 Filed 8-9-02; 8:45 am]

BILLING CODE 3110-01-P

## OFFICE OF MANAGEMENT AND BUDGET

### Standard Data Elements for Electronically Posting Synopses of Federal Agencies' Financial Assistance Program Announcements at FedBizOpps

**AGENCY:** Office of Management and Budget (OMB).

**ACTION:** Notice of proposed standard data elements.

**SUMMARY:** The Office of Federal Financial Management (OFFM) proposes to establish a standard set of data elements for Federal agencies to use to electronically post synopses of announcements of funding opportunities under programs that award discretionary grants or cooperative agreements. The purpose of the data elements would be to give potential applicants: (1) Enough information about each funding opportunity to decide whether they are interested enough to look at the full announcement; and (2) one or more ways (e.g., an Internet site, e-mail address or phone number) to get the full announcement with the detailed information they need to decide whether they wish to apply. The proposed data elements would be the government-wide standard set for the hundreds of Federal programs that award discretionary grants or cooperative agreements. The Federal awarding agencies jointly developed these proposed data elements as one part of the implementation of the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. 106-107).

**DATES:** All comments on the proposed data elements should be in writing, and must be received by October 11, 2002.

**ADDRESSES:** Due to potential delays in OMB's receipt and processing of mail sent through the U. S. Postal Service, we encourage respondents to submit comments electronically to ensure timely receipt. We cannot guarantee that comments mailed will be received before the comment closing date.

Electronic mail comments may be submitted to: [ephillip@omb.eop.gov](mailto:ephillip@omb.eop.gov). Please include "FedBizOpps Data Elements Comments" in the subject line and put the full body of your comments in the text of the electronic message and as an attachment. Please include your name, title, organization, postal address, telephone number, and e-mail address in the text of the message. Comments may also be submitted via facsimile to 202-395-3952. Comments may be mailed to Elizabeth Phillips, Office of

Federal Financial Management, Office of Management and Budget, Room 6025, New Executive Office Building, Washington, DC 20503.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Phillips, Office of Federal Financial Management, Office of Management and Budget, telephone 202-395-3053 (direct) or 202-395-3993 (main office) and e-mail: [ephillip@omb.eop.gov](mailto:ephillip@omb.eop.gov)

**SUPPLEMENTARY INFORMATION:** To widely disseminate information about Federal funding opportunities more rapidly than was possible before the advent of electronic business practices, the General Services Administration has established the FedBizOpps Internet site ([www.FedBizOpps.gov](http://www.FedBizOpps.gov)). Federal agencies now use FedBizOpps as the single site for giving the public access to relevant information about procurement opportunities that exceed \$25,000, including procurement notices, solicitations, drawings, and amendments. In the future, the Federal agencies also will use the FedBizOpps site to post electronic synopses of funding opportunities leading to the award of grants, cooperative agreements, and other financial assistance instruments. This **Federal Register** announcement seeks public comment on the proposed data elements that Federal agencies would include in their synopses of those financial assistance funding opportunities.

These data elements and the posting of information at the FedBizOpps site address a need that non-Federal entities identified during the public consultation process mandated by Public Law 106-107. Commenters suggested the need for a single searchable Internet site for information about Federal agencies' funding opportunities, to reduce potential applicants' frustration with having to search multiple sites that individual Federal agencies configure in different ways. A standard data set and single site for synopses of announcements should help potential applicants easily and quickly find the key pieces of information they need about each funding opportunity to decide whether they wish to review the full announcement.

The Federal agencies selected the proposed data elements to enable you to do that and to use search criteria that would let you identify from the numerous funding opportunities posted at FedBizOpps at any given time the ones most likely to be of interest to you. For example, the proposed data elements will let you search using the name of a particular agency or the *Catalog of Federal Domestic Assistance* (CFDA) number for a particular program. You also may search by choosing a class or classes of activity, as defined in the CFDA, as well as limiting the search to programs open to certain types of entities (using categories of eligible applicants adapted from the Federal Assistance Awards Data System maintained by the Bureau of the Census at the Department of Commerce). You still would need to read the full announcement for the funding opportunities identified by your search, since the announcements provide much greater detail about each of the program's aspects (e.g., you might isolate programs that show the category of "State controlled institutions of higher education" as being eligible, but find in the full announcement that only selected types of those institutions, such as land-grant institutions, are eligible).

While some of the proposed data elements for financial assistance parallel those currently in FedBizOpps for synopses of procurement opportunities, others differ in ways that reflect differences between procurement and assistance. For example, the activity class codes for financial assistance opportunities are categories from the CFDA. In contrast, FedBizOpps synopses of procurement opportunities use supply code classifications that are appropriate for buying goods and services.

Many of the data elements proposed for FedBizOpps also are key information elements in the proposed standard format for financial assistance funding announcements (see related Notice in this section of the **Federal Register**). Examples are the CFDA number, eligible applicants, and cost-sharing requirements. Including these key elements responds to comments received from non-Federal entities through the public comment process under Public Law 106-107.

The proposed data elements also are designed to provide Federal agencies the flexibility to give you the needed information for programs that are designed to operate in different ways. For example, some programs have a single due date for applications. A numeric "application due date" field accommodates those programs, giving potential applicants concise information in a searchable field. Other programs, however, have announcements that remain open for extended periods; some have applications accepted and reviewed at multiple discrete points in time, while others will accept and review applications at any time during those periods. The proposed data elements include an application due date text field to let agencies give potential applicants clear and unambiguous information about those programs, in a way that the numeric field by itself would not support.

We welcome your input on any aspect of the data elements. Questions that you may wish to address include:

- Are the proposed data elements the essential ones that you need to help you quickly judge whether a funding opportunity is one for which you likely will want to read the full announcement? The intent is for the data elements to be the minimum set needed. That should allow potential applicants to more quickly see essential information, because they will not have to extract it from a larger data set that includes information they do not need until they are preparing and submitting an application. Those additional details are in the full announcement to which FedBizOpps provides electronic links. If you recommend adding or deleting any data elements, please explain why.
- Are the names of data elements and any terms used in describing them readily understandable? Are the terms generic enough to cover all programs and agencies in which you might have an interest? Do you have suggestions for alternate terms? Do you have suggestions for additional codes, such as those listed as choices for the data elements "category of funding activity" and "eligible applicants"?

Dated: July 31, 2002.

**Mark W. Everson,**  
Controller.

Data element	Description	Required?
Federal agency user identification .....	User ID of Federal agency representative who is authorized to post information to the FedBizOpps site.	One entry required.
Federal agency password .....	Password of Federal agency user representative who is authorized to post information to the FedBizOpps site.	One entry required.

Data element	Description	Required?
Funding opportunity title .....	The Federal agency's title for the funding opportunity (including program subcomponent names, as the agency deems appropriate).	One entry required.
Funding opportunity number .....	The number, if any, that the Federal agency assigns to its announcement.	Optional.
Catalog of Federal Domestic Assistance (CFDA) number(s).	Number(s) of the CFDA listing(s) for program(s) included in the announcement (e.g., 12.300).	At least one entry required (may list more than one) if the Federal agency is subject to the requirement in 31 U.S.C. chapter 61 to report to the CFDA.
Federal agency mailing address .....	Regular (United States Postal Service) mailing address of the Federal organization responsible for the announcement, including agency name and specific subcomponent (e.g., department, bureau, directorate, or division), street address, city, State, and zip code.	Optional. If you give no office name and address, FedBizOpps will insert the office name and address you gave when you initially registered and got your user ID and password.
Federal agency contact for electronic access problems.	Should list name of person (e.g., webmaster) to whom potential applicants should refer questions if they cannot link from FedBizOpps to the full announcement (this person is distinct from programmatic and other agency contacts who are listed in the full announcement).	At least one entry required. May list more than one.
Type of help available from the Federal agency contact.	The hypertext description accompanying the Federal agency contact e-mail address, to describe types of problems or questions with which the agency contact may be able to provide assistance (e.g., "If you have problems linking to the full announcement, contact:").	Required. May list only one.
Federal agency contact e-mail address	E-mail address of Federal agency contact who can help with electronic access problems..	Required. May list only one.
Funding opportunity description .....	A concise description of the funding opportunity, designed to contain sufficient information for potential applicants to decide whether they are interested enough to read the full announcement.	Required.
Funding instrument types .....	List codes for types of instruments that may be awarded: G = Grant CA = Cooperative Agreement PC = Procurement Contract O = Other Note that if your announcement states that you may award procurement contracts, as well as assistance instruments, the announcement must be posted to both the procurement and assistance modules of FedBizOpps.	Required. Select all that apply (up to 4 codes).
Category of funding activity .....	Designed to allow potential applicants to narrow their searches to programs in CFDA categories of interest to them. Note that the terms are defined in the CFDA. List all codes that apply: AG = Agriculture AR = Arts (see "Cultural Affairs" in the CFDA) BC = Business and Commerce CD = Community Development CP = Consumer Protection DPR = Disaster Prevention and Relief ED = Education ELT = Employment, Labor and Training EN = Energy ENV = Environment FN = Food and Nutrition HL = Health HO = Housing HU = Humanities (see "Cultural Affairs" in the CFDA) ISS = Income Security and Social Services IS = Information and Statistics LJL = Law, Justice and Legal Services NR = Natural Resources RD = Regional Development ST = Science and Technology and other Research and Development T = Transportation O = Other	At least one required and may list as many as needed. There is no default value.

Data element	Description	Required?
Eligible applicants .....	<p>Designed to help potential applicants narrow their searches to programs where they are most likely to be eligible (although they still must read the full announcement for details because eligibility may be further limited to certain subsets of applicants within the categories below)..</p> <p>99 = Unrestricted (i.e., open to any type of entity below)</p> <p>Government codes:</p> <p>00 = State governments</p> <p>01 = County governments</p> <p>02 = City or township governments</p> <p>04 = Special district governments</p> <p>05 = Independent school districts</p> <p>06 = State controlled institutions of higher education</p> <p>07 = Native American tribal governments (Federally recognized)</p> <p>08 = Public housing authorities/Indian housing authorities</p> <p>Non-Government organizations:</p>	Required to either select "99" for unrestricted or select all others that apply.
How to get full announcement .....	Hypertext stating where to get the full announcement. If it is available on the Internet, this field should include the descriptor that precedes the URL for the full announcement (e.g., "Click on the following link to see the full text of the announcement for this funding opportunity:").	Required.
Electronic link to full announcement ....	<p>The URL for the full announcement, if it is on the Internet.</p> <p>11 = Native American tribal organizations (other than Federally recognized tribal governments)</p> <p>12 = Nonprofits other than institutions of higher education [includes community action agencies and other organizations having a 501(c)(3) status with the IRS]</p> <p>20 = Private institutions of higher education</p> <p>21 = Individuals</p> <p>22 = For-profit organizations other than small businesses</p> <p>23 = Small businesses</p> <p>25 = All others [e.g., U.S. Federal or Foreign Governmental entities and nonprofits that do not have a 501(c)(3) status with the IRS]</p>	Optional.
Cost sharing requirement .....	Answer to question: is cost sharing required: (Y or N).	Required.
Due date for applications .....	Date when applications are due (or latest date when applications accepted, if announcement has multiple due dates or is a general announcement that is open for a specified period with applications accepted at any time during that period).	Required if "Explanation of application due dates" field is not completed. Optional otherwise.
Explanation of application due dates ...	Used by agencies wishing to post more information about due date(s) for potential applicants. For example, the field may be used to describe programs with multiple due dates or ones where applications are accepted, reviewed, and funded at any point within a broad time window. The field also may be used to add information about the time when applications are due (e.g., 5:00 p.m. EDT on the date given in the "Due date for applications" field).	Optional (note that "Due date for applications" field is required if this "Explanation of application due dates" text field is not completed).
Date of FedBizOpps posting .....	Month, day, and year when the agency wants the synopsis posted on FEdBizOpps (e.g., some agencies may build in delays to allow announcements to appear first in the FEDERAL REGISTER or at agency Internet sites). Format is MMDDCCYY.	Required.
Date for FedBizOpps to archive .....	Month, day, and year when the agency wants the synopsis archived. Format is MMDDCCYY.	Optional. Default, if agency provides no input, is 30 days after the date given in the "Due date for applications" field.

[FR Doc. 02-20261 Filed 8-9-02; 8:45 am]

BILLING CODE 3110-01-P

## OFFICE OF MANAGEMENT AND BUDGET

### Cost Principles for Educational Institutions, for State, Local, and Indian Tribal Governments and for Non-Profit Organizations

**AGENCY:** Office of Management and Budget.

**ACTION:** Proposed revisions to Office of Management and Budget (OMB) cost principles' Circulars A-21, A-87, and A-122.

**SUMMARY:** OMB proposes to amend OMB cost principles A-21, A-87, and A-122. These changes are intended to further the objectives of Public Law (Pub. L.) 106-107, the Federal Financial Assistance Management Improvement Act. On May 18, 2001, agencies working with OMB published a plan to implement Pub. L. 106-107. The plan included a proposal to simplify the cost principles to make the descriptions of similar cost items consistent with one another where possible, thus reducing the possibility of misinterpretation.

**DATES:** All comments on this proposal should be in writing and must be received by October 11, 2002.

**ADDRESSES:** Due to potential delays in OMB's receipt and processing of mail sent through the U.S. Postal Service, we encourage respondents to submit comments electronically to ensure timely receipt. We cannot guarantee that comments mailed will be received before the comment closing date.

Electronic comments may be submitted to: *hai\_m\_tran@omb.gov*. Please include "Cost Principles Revision Comments" in the subject line and put the full body of your comments in the text of the electronic message and as an attachment. Please include your name, title, organization, postal address, telephone number, and e-mail address in the text of the message. Comments may also be submitted via facsimile to 202-395-4915.

Comments may be mailed to Gilbert Tran, Office of Federal Financial Management, Office of Management and Budget, Room 6025, New Executive Office Building, NW., Washington, DC 20503.

**FOR FURTHER INFORMATION CONTACT:** Gilbert Tran, Office of Federal Financial Management, Office of Management and Budget, (202) 395-3052 (direct) or (202) 395-3993 (main office) and e-mail: *Hai\_M\_Tran@omb.eop.gov*.

**SUPPLEMENTARY INFORMATION:**

### Background

The Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. 106-107) provides both a mandate and a challenge for the administration of Federal financial assistance programs and activities. The purposes of Pub. L. 106-107 are to (1) improve the effectiveness and performance of Federal financial assistance programs, (2) simplify Federal financial assistance application and reporting requirements, (3) improve the delivery of services to the public, and (4) facilitate greater coordination among those responsible for delivering the services. Federal financial assistance includes grants, cooperative agreements, loans, loan guarantees, scholarships, and other forms of assistance.

The grant and cooperative agreement portion of that enterprise, commonly referred to as "grants," involves more than 600 programs and their subprograms, with awards of more than \$325 billion a year administered by 26 Federal agencies. Grant programs stimulate or support public purposes in areas such as health, social services, law enforcement, agriculture, housing, community and regional development, economic development, education and training, and national security. Many of these programs require complex arrangements, such as intergovernmental coordination or public-private partnerships, to coordinate and deliver the needed services. Among the recipient constituencies are State, local, and Native American tribal governments, public housing authorities and resident organizations, and private, non-profit organizations, including institutions of higher education. The funding mechanisms for these programs include mandatory grants, such as formula and block grants, and discretionary grants and cooperative agreements in support of specific programs or projects.

Public Law 106-107 states that some Federal administrative requirements are duplicative, burdensome, and conflicting, sometimes impeding cost-effective delivery of services at the local level. Grant recipients deal with increasingly complex problems that require the delivery and coordination of many kinds of services. Their need to respond to numerous Federal grant administration requirements only adds to that complexity.

### Implementation of Public Law 106-107

The Director of OMB partnered with the Department of Health and Human Services (HHS) and the former Grants Management Committee (GMC) of the

Chief Financial Officers Council to coordinate and oversee the government-wide implementation of Pub. L. 106-107. Five interagency groups were established to implement the steps laid out in the plan that was submitted to Congress and OMB on May 18, 2001.

The General Policy and Oversight group provides detailed oversight of the other work groups' planning and implementation efforts and is examining broad issues. Three groups represent various parts of the grant life cycle: Pre-Award; Post-Award; and Audit Oversight. The Electronic Processing group supports the development of an electronic option for application for and reporting of grants.

The Post-Award group includes a cost consistency sub-group charged with reviewing the cost principles in OMB Circulars A-21, A-87, and A-122 to ensure they are current, consistent, and appropriate for covered recipients. The sub-group's objectives are to make the descriptions of similar cost items consistent, where possible, and reduce the possibility of misinterpretation by clarifying existing policies. The sub-group's mission did not include adding restrictions or modifying current requirements.

The three OMB's cost circulars established government-wide principles for costs incurred under Federal awards (Circulars A-21, "Cost Principles for Educational Institutions;" A-87, "Cost Principles for State, Local and Indian Tribal Governments;" and A-122, "Cost Principles for Non-Profit Organizations"). These cost principles specify allowable and unallowable costs. The three circulars apply to different types of recipient entities and were developed accordingly. As a result, in a number of cases, similar cost items are described in varying terms. This can cause inconsistent interpretations by Federal staff, recipients, and auditors. Public comments indicate the need for language that is more consistent and for clarification regarding some aspects of the cost principles. Many Federal assistance grant programs require organizations that are subject to different cost circulars to work together in consortia to achieve the objectives of a grant program. It is important in these situations that, to the greatest extent possible, all participants in a consortium be subject to the same treatment for the same kinds of transactions.

The groups focused initially on the definitions in the circulars and the 30 cost items that appear in all three cost circulars. They drafted common descriptions for those cost items that should have similar treatment, but are

currently described differently. Where different outcomes are intended, the language should definitely show the difference. Those cost items that are currently in one or more but not all of the circulars also have been reviewed to determine if it is appropriate and beneficial to include them in one or both of the other cost circulars. In those cases where the groups believe that a cost principle in one circular might be applicable to entities subject to the other circulars, they have tried to state the principle in such a way that it does not change the current policy in the circulars to which the principle is added. In all of the cases where a cost principle in one circular has been applied to one or both of the other circulars, we have done that only to clarify that the outcome is the same under the circular(s) to which the principle is added.

The approach included:

- Reviewing the cost item descriptions in all the circulars;
- Noting the similarities and differences in the descriptions;
- Researching the history of the cost policies related to the cost item;
- Determining if the cost policies are consistent among the circulars;
- Preparing common language, where possible, for the descriptions of those cost items that have a consistent cost policy basis; and
- Restating the principles in simpler language, to the extent possible without changing the meaning of the principles.

#### Presentation of the Circulars

Rather than include the revised language in the three cost principles separately, the team created a chart that allows side-by-side comparison of proposed changes to the language contained in the current circulars. In addition, the three circulars use different standard terminology to refer to “recipients” and “awards;” the groups adopted conventions for the circulars so they would all use the same standard terminology. The conventions are as follows:

Proposed change language	Existing terms in A-21, A-87, and A-122
“Non-Federal entity”.	“Institution,” “unit of government” and “organization”
“Federal award”	“Sponsored agreement,” “Federal award” and “Sponsored award”

When the cost principles are published in final form, OMB will use the new conventions in the revised version. However, OMB plans to use the same words to describe the units of

organization, *i.e.*, A-21 would still be divided into “sections” and “subsections” while A-87 and A-122 would still use “paragraphs” and “subparagraphs.”

#### Clarity of the Regulations

Executive Order 12866, *Regulatory Planning and Review*, and the Presidential memorandum on “Plain Language in Government Writing” require each agency to write regulations that are easy to understand. OMB invites comments on how to make these cost principles easier to understand, including answers to questions such as the following:

- Are the requirements in the proposed circulars clearly stated?
- Do the cost principles contain technical terms or other wording that interferes with their clarity?
- Would the cost principles be easier to understand if divided into more (but shorter) paragraphs or sections; or used the question and answer format?
- What else would make the proposed circulars easier to understand?

To give commenters an idea about how a circular might appear in plain language, the groups provided at the end of the chart a plain language version of one cost item to show how it would look in a different style of drafting.

Send any comments that concern how we could make these proposed regulations easier to understand to the person listed in the **ADDRESSES** section of the preamble. If the comments generated by the plain language treatment indicate that the circulars could be written using this convention, OMB will publish any changes based on those comments for another round of comment.

#### Inadvertent Changes in Policy

OMB has not attempted to change the policy in any of the circulars. However, in the effort to make the language more consistent, some unintended changes in policy may have been made. OMB encourages comments on any proposed changes that could be construed as changes to current policy.

Also, there are places where different language in the current circulars for a particular treatment could be viewed either as intending the same or intending different policies. When faced with this ambiguity, in most cases, OMB has not attempted to write a common treatment. However, OMB is interested in comments on the extent to which some of these treatments could be viewed as expressing the same policy in all three circulars.

#### Response to Public Bodies and Cost Shifting

Where professional bodies such as the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) have issued pronouncements that contradicted existing circular provisions or otherwise clarified “generally accepted accounting principles” (GAAP), the policy of the professional bodies has been reflected in this draft.

Lastly, in the process of reviewing the circulars for better consistency and clarity, we concluded that this provided another opportunity to address an area of much confusion concerning one of the general standards contained in A-87, Attachment A, C.3., Allocable costs. In attempting to recognize situations where two or more Federal programs might allow identical services or assistance and served the identical population, an effort was made to distinguish between “funding allocations” vs. “cost allocation”. Unfortunately, this section was phrased in a manner that could be interpreted as allowing cost shifting. Cost shifting has always been unallowable. The confusing language has been eliminated in this Notice and no change in policy is intended. The following reflects the proposed revision to OMB Circular A-87, Attachment A, C.3.c., where the last sentence in brackets would be deleted.

“Any cost allocable to a particular Federal award or cost objective under the principles provided for in this Circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of Federal awards, or for other reasons. [However, this prohibition would not preclude governmental units from shifting costs that are allowable under two or more awards in accordance with existing program agreements.]”

#### Organization of the Chart

In the chart, the first column lists the current A-21 item, the second column lists the similar item, if any, from A-87, the third column lists the similar item, if any, from A-122 and the fourth column lists any proposed change to the item and which of the circulars would include the revised item. In some cases one or more of the circulars do not have a cost item that is included in one or more of the other circulars. If a circular does not have an item equivalent to the other circulars, the column for that circular is blank. Also, given the separate development of the three circulars, some items contain more than one concept and some of those concepts

are stated in different places in the other circulars. In some cases, we have moved a cost item in one circular to the place where that item appears in the other circulars. In every case where one circular handles an item in a different place than the others, we explain in the fourth column where we propose to

treat a particular concept in the three circulars.

#### **How To Obtain the Chart**

Due to its size, the chart is not printed in this **Federal Register** notice. It is displayed on the OMB Web site at: <http://www.omb.gov> under the "Grants Management/Current Documents"

section. You can also request a hard copy by calling Gilbert Tran at (202) 395-3052.

Dated: July 31, 2002.

**Mark W. Everson,**

*Controller.*

[FR Doc. 02-20262 Filed 8-9-02; 8:45 am]

**BILLING CODE 3110-01-P**