Guidelines for Grant and Contract Management

405. Expanded Authorities

Revised OMB Circular A-110, published in the Federal Register of November 29, 1993, permits granting agencies to waive certain "prior approval" restrictions and expand the postaward authority of grantee institutions to: (1) incur pre-award costs, (2) extend an assistance program, or (3) carry forward unobligated balances, unless specifically required by a Federal agency.

A number of federal agencies have implemented these revisions. A list of these agencies appears below, along with the text of subpart C ("Post Award Requirements/Financial and Program Management), section .25 ("Revision of Budget and Program Plans"), of revised OMB A-110, which details these expanded authorities.

In addition, one of the expanded authorities under the Federal Demonstration Partnership (FDP) involved the ability to transfer costs among related grants. This is now codified in OMB Circular A-21 under subsection d, section C.4 ("Allocation and documentation standard"), which was added to the revised A-21 (dated July 26, 1993). The relevant portion of this subsection appears below. - February 1996

OMB Circular A-110

Subpart C: Post Award Requirements--Financial and Program Management
.25 Revision of Budget and Program Plans

(e) Except for requirements listed in paragraphs (c)(1) and (c)(4) of this section, Federal awarding agencies are authorized, at their option, to waive cost-related and administrative prior written approvals required by this Circular and OMB Circulars A-21 and A-122. Such waivers may include authorizing recipients to do any one or more of the following.

(1) Incur pre-award costs 90 calendar days prior to award or more than 90 calendar days with the prior approval of the Federal awarding agency. All pre-award costs are incurred at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs).

(2) Initiate a one-time extension of the expiration date of the award of up to 12 months unless one or more of the following conditions apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised expiration date at least 10 days before the expiration date specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.
(i) The terms and conditions of award prohibit the extension.

(ii) The extension requires additional Federal funds.

(iii) The extension involves any change in the approved objectives or scope of the project.

(3) Carry forward unobligated balances to subsequent funding periods.

(4) For awards that support research, unless the Federal awarding agency provides otherwise in the award or in the agency's regulations, the prior approval requirements described in paragraph (e) are automatically waived (i.e., recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (e)(2) applies.

OMB Circular A-21 (added to revised A-21 on July 26, 1993)

Section C.4 "Allocable Costs"
d. "Allocation and documentation standard"

(3) Direct Cost Allocation Principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding subsection C.4.b., the costs may be allocated or transferred to benefitted projects on any reasonable basis, consistent with d.(1) and (2). [Note: see below for subsection C.4.b. and d.(1) and (2).]

Section C.4 "Allocable Costs"

b. Any costs allocable to a particular sponsored agreement under the standards provided in this Circular may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.

Section C.4 "Allocable Costs"
d. "Allocation and documentation standard"

(1) Cost principles. The recipient institution is responsible for ensuring that costs charged to a sponsored agreement are allowable, allocable, and reasonable under these cost principles.

(2) Internal Controls. The institution's financial management system shall ensure that no one person has complete control over all aspects of a financial transaction.
Federal Agencies That Have Implemented OMB Circular A-110

Corporation for National and Community Service
Department of Agriculture
Department of Education
Department of Energy
Department of Health and Human Services (HHS)
Department of Housing and Urban Development (HUD)
Department of Justice
Department of Labor
Department of State
Department of the Interior
Department of Transportation
Environmental Protection Agency
General Services Administration
National Archives and Records Administration
National Science Foundation (NSF)
U.S. Information Agency