

FINANCE PROCEDURE MANUAL	TITLE: Grants – Compliance Requirements – Federal Funds	
	NUMBER: FIN-GRF-023	VERSION: 01
	ISSUED DATE: 11/15/2010	REVISION DATE: N/A

➤ **Purpose:**

Procedures to be followed for proper accountability of State and Federal resources.

➤ **Definitions:**

Federal Funding Awards: Grants awarded by the Federal Government either directly or indirectly through the State.

➤ **Responsibility:**

Grants Accountant: Responsible for determination of sub-recipient status, and compliance with OMB circulars relating to Federal Financial expenditures and reporting.

Purchasing Manager: Responsible for fair priced procurement and compliance with OMB circulars relating to procurement.

➤ **Procedure Details:**

1. State agencies must determine whether they are passing on federal awards in the form of Federal financial assistance to sub-recipients or procuring goods and services from a vendor.
 - a. This determination is critical for the proper accountability over Federal financial assistance which is passed on to sub-recipients.
 - b. State agencies will use the criteria established in [OMB Circular A-133](#) to make this determination.
 - c. Agencies must retain documentation to support this determination.

2. The Office of Federal Financial Management has confirmed to the Department of Financial Services that if the State receives an award of Federal financial assistance in the form of a grant or cooperative agreement, any sub-award for the purpose of the grant is subject to the rules applicable to the grant even if the sub-award is on a fixed price basis. Agreements (sub-awards) with sub-recipients of Federal financial assistance must require the following as applicable:
 - a. Compliance with [OMB Circular A-133](#): Audit of States, Local Governments and Non-Profit Organizations.
 - b. Compliance with [OMB Circular A-21](#): Cost Principles for Educational Institutions (2 CFR, Part 220); A-87 Cost Principles for Non-Profit Organizations, as appropriate (2 CFR, Part 230).
 - c. Compliance with [OMB Circular A-102](#): Grants and Cooperative Agreements with State and Local Governments.
 - d. Compliance with [OMB Circular A-110](#): Uniform Administrative Requirements for Grants and other agreements with Institutions of higher learning, hospitals, and other Non-Profit Organizations (2 CFR, Part 215). This circular also applies to sub-awards made by State and local governments to organizations covered by the circular and provides that:
 - i. A grant may be charged only allowable costs resulting from obligations incurred during the specified funding period.
 - ii. Any balance of unobligated cash that has been advanced or paid that is not authorized to be retained for other projects must be refunded to the federal government.
 - iii. Any funds paid in excess of the amount to which the recipient is finally determined to be entitled, under the terms and conditions of the award, constitutes a debt to the Federal government.
 - e. Agreements with vendors must be procured in a manner that ensures a fair and reasonable price to the Federal Government and compliance with applicable rules and regulations, including, but not limited to:
 - i. [OMB Circular A-87](#)
 - ii. Section 287.057, F.S.
 - iii. Section 216.3475, F.S.

1. Non-Competitive procurements and competitive procurements that result in less than 2 responses must be supported by a detailed price and cost analysis. Costs must be reasonable, necessary and allowable in accordance with state and federal laws, rules and regulations. Agencies must maintain documentation to evidence the agency's review.

➤ **References:**

Florida Statutes: 287.057; 216.3475

<http://www.flsenate.gov/Statutes/>

OMB Circulars: A-21, A-87, A-102, A-110, A-122, & A-133

http://www.whitehouse.gov/omb/circulars_default