

**Supporting Statement for  
Uniform Administrative Requirements for Grants and Agreements with  
Institutions of Higher Education, Hospitals and Other Non-profit Organizations  
20 CFR 435  
OMB No. 0960-0616**

**A. Justification**

1. *The Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations," sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations. Circular A-110 (revised 11/19/93, as further amended on 8/29/97) directed each affected agency to promulgate its own rules adopting the language as it appears in the Circular unless different provisions are required by Federal statute or are approved by OMB (58 FR 62992-93). Section 1110 in Title XI of the Social Security Act gives the Commissioner of Social Security authority for making grants to States and public and other organizations and agencies for conducting research and demonstration projects. 20 CFR 435 of the Code of Federal Regulations adopts the provisions and requirements of OMB Circular A-110.*
2. Consistent with the guidance provided in Circular A-110, the Code of Federal Regulations applies to Federal grants and agreements awarded to institutions of higher education, hospitals, other non-profit organizations, and commercial organizations. The Code of Federal Regulations applies to all recipients other than State and local governments and Indian tribal organizations.

In conformance with Circular A-110, the Code of Federal Regulations covers the following basic administrative reporting and recordkeeping requirements for applicable recipients of grants and agreements. SSA currently has an estimated total of 196 grant recipients that are subject to the requirements of the regulation.

Reporting Requirements.

a) Section 435.25(b) - "Revision of budget and program plans." In this section, under (b) it states that "recipients are required to report deviations from budget and program plans, and request prior approvals for (specific types of) budget and program plan revisions . . ." For example, recipients must request prior approvals from SSA when there is:

(1) A change in the scope or the objective of the project or program.

(2) A change in a key person specified in the application or award document.

(3) The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(4) The need for additional Federal funding.

This information keeps SSA informed of project changes and helps SSA to adequately monitor the progress and successful completion of the project.

b) Section 435.33(a)(1) - "Federally-owned and exempt property." Under this section, recipients must submit annually to the Federal awarding agency (SSA), an inventory listing of federally-owned property in the custody of the recipient. And, upon completion of the award or when the property is no longer needed, the recipient must report the property to the Federal awarding agency for further Federal agency utilization. This reporting is a requirement where federally-owned property is involved under an award. Obtaining an annually updated listing of property furnished by the Federal Government enables the Federal awarding agency to properly monitor and manage property under its control. The SSA grants program has rarely, if ever, been involved with federally-owned property. For purchases or acquisitions made under an award, title usually vests with the grantee organization.

c) Section 435.44(e) - "Procurement procedures". Under this section, recipients must, upon request, make available to the Federal awarding agency (SSA) pre-award review and procurement documents, such as request for proposals or invitations for bids, independent cost estimates, etc., when certain conditions apply. This is a requirement triggered by one or more specific conditions. The purpose for this requirement is to obtain maximum competition and to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes.

d) Section 435.51 (b), (d), (e) and (f) - "Monitoring and reporting program performance". Under this section recipients are required to submit performance reports for each award to the Federal awarding agency (SSA). The reports may not be required more frequently than quarterly or, less frequently than annually, and recipients are not required to submit more than the original and two copies of performance reports. Also, recipients are required to immediately notify the Federal awarding agency of developments that have a significant impact on the award supported activities. SSA uses this information to evaluate and monitor the progress and completion of the project as approved. SSA generally requires recipients to submit performance reports on a quarterly basis.

e) Section 435.81(a) and (b) - "Initial appeal". This section is included under SUBPART E - DISPUTES. It explains the time frame in which a recipient (grantee) may appeal to the SSA Associate Commissioner for the Office of Acquisition and Grants (ACOAG), an adverse decision rendered by the SSA Grants Management Officer (GMO). It also states that the written request (to the ACOAG) for review "should fully explain why the grantee disagrees with the GMO's decision, state the pertinent facts and law relied upon, and provide any relevant documentation in support of the grantee's position."

f) Section 435.82(a) and (b) "Appeal of decision of ACOAG". This section is very much the same as section 435.81(a) and (b) above, except that it addresses the timeliness and content

of a grantee's appeal to the SSA Commissioner when an adverse decision has been rendered by the ACOAG. The above sections on "appeal" provide information and guidance to the recipient about the SSA appeals process. The reporting is voluntary and is triggered when a recipient elects to seek a reversal of an appealable adverse decision.

### Recordkeeping Requirements

a) Section 435.21(b)(2) and (7) - "Standards for financial management systems". Under this section, the recipient is advised of requirements for establishing/maintaining an adequate financial management (bookkeeping/accounting) system. In section 435.21 under (b), basic requirements, it states that recipients' financial management systems must provide for the following: (2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest; and (7) Accounting records including cost accounting records that are supported by source documentation. The need for organizations to establish/maintain an adequate financial management (bookkeeping/accounting) system is a usual and customary business practice, and may be a requirement of some State or Federal regulators. It is difficult, if not impossible, to logically allocate a portion of this burden to SSA, particularly for those systems that are already in place. For instance, since most organizations already have in place some basic type of (manual or electronic) financial management system, SSA's requirements should have little or no significant impact on them. Also, most of SSA's grant recipients have received Federal grants in the past; therefore, their financial management system should already be compliant with the requirements of this section.

b) Section 435.23(h)(5) - "Cost sharing or matching". Under (h) it notes that the value of donated property must be determined in accordance with the usual accounting policies of the recipient, with the following qualifications. Then, under (5) it states that "the following requirements pertain to the recipient's supporting records for in-kind contributions from third parties: (i) Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees. (ii) The basis for determining the valuation for personal service, material, equipment, buildings and land must be documented."

c) Section 435.53 - "Retention and access requirements for records". This section covers the requirements for record retention and access to records for awards to recipients. Federal awarding agencies (SSA) may not impose any other record retention or access requirements upon recipients. In general, financial records, supporting documents, statistical records, and all other records pertinent to an award must be retained for a period of three years. The Federal awarding agency, the Inspector General, Comptroller General of the United States, or any of their duly authorized representatives, have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts and copies of such documents. The three-year record retention requirement is somewhat of a usual/customary practice and may be a requirement of some State and/or Federal regulators. Most organizations maintain their records for at least three years for independent audit

purposes and for IRS (Internal Revenue Service) purposes. SSA estimates it will take its recipients less than eight hours annually for the labeling/filing/storage of award records (including time for retrieval, as may be required for the rare/infrequent audits by SSA or another Federal agency). All of the recipients covered by the proposed rule will be affected by this requirement.

3. Improved information technology that would reduce the burden is not available. This collection is excluded from the Government Paperwork Elimination Act because of the low volume of respondents and the Agency's limited resources.
4. The nature of the information being collected and the manner in which it is collected preclude duplication. There is no other collection instrument used by SSA that collects data similar to that collected here.
5. Small business and other small entities may be involved. However, there is no significant economic impact and the burden on them has been minimized to the greatest extent practicable since the information required is the minimum information needed and is in compliance with Circular A-110.
6. These administrative guidelines and requirements affect all grant award recipients subject to the proposed rule. If the information were not collected, SSA would not be in compliance with the requirements under OMB Circular A-110. Therefore, the information could not be collected less frequently. There are no technical or legal obstacles that prevent burden reduction.
7. Section 435.82, Appeal of decision of ACOAG, which involves the second level of the appeal process, requires that an appellant's "written request for review must be received by the Commissioner no later than 15 calendar days after the date of the ACOAG's adverse decision." Otherwise, there are no special requirements that would cause an information collection to be inconsistent with 5 CFR 1320.5.
8. The 60-day advance Federal Register Notice was published on June 13, 2006 at 71 FR 34181, and SSA has received no public comments. The second Notice was published on September 18, 2006, at 71 FR 54705. There have been no outside consultations with members of the public.
9. SSA provides no payment or gifts to the respondents.
10. The information requested is protected and held confidential in accordance with 42 U.S.C. 1306, 20 CFR 401 and 402, 5 U.S.C. 552 (Freedom of Information Act), 5 U.S.C. 552a (Privacy Act of 1974) and OMB Circular No. A-130.
11. The information collection does not contain any questions of a sensitive nature.

12. SSA currently has a total of 196 grant recipients that are subject to the requirements of the proposed rule. The hourly burden as estimated for each of the reporting (Rpt) and recordkeeping (Rec-kp) requirements is explained below and reflected in the following table.

Section No.		Number of Respondents	Frequency of Response	Average Burden Per Response	Estimated Annual Burden
435.21	Rec-kp	1	N/A	40 hours	40 Hours
435.23	Rec-kp	143	Quarterly (4)	1 hour	572 Hours
435.25	Rpt	157	Biannually (2)	4 hours	1,256 Hours
435.33	Rpt	1	Annually (1)	1 hour	1 Hour
435.44	Rpt	1	Annually (1)	2 hours	2 Hours
435.51	Rpt	196	Quarterly (4)	12 hours	9,408 Hours
435.53	Rec-kp	196	Annually (1)	8 hours	1,568 Hours
435.81	Rpt	1	Annually (1)	16 hours	16 Hours
435.82	Rpt	1	Annually (1)	8 hours	8 Hours
<b>Total Responses</b>		<b>697</b>		<b>TotalHours</b>	<b>12,871</b>

**Total estimated annual burden: 12,871 hours**

a) Section 435.21 (Standards for financial management systems): On a rare occasion, SSA may encounter an organization that does not have in place a compliant financial management system. The annual burden for such an organization to become compliant is estimated at 40 hours. This estimate is based only on the time required by an organization to update an existing bookkeeping system to be compliant with the requirements of this section.

b) Section 435.23 (Cost sharing or matching): Approximately 73 percent of SSA award recipients list in-kind contributions from third parties. Recipients that must comply with this requirement will generally do so on a quarterly basis. Therefore,  $143 \times 4 \times 1 = 572$  hours.

c) Section 435.25 (Revision of budget and program plans): Approximately 80 percent of the recipients covered by this rule report deviations/revisions to their grant project budget or program plans, generally on an average of two times a year. Therefore,  $157 \times 2 \times 4 = 1256$  hours.

d) Section 435.33 (Federally-owned and exempt property): In the past 16 years, SSA estimates there may have been only 1 to 2 awards involving federally-owned property. A default value of one respondent is used for this requirement.

e) Section 435.44 (Procurement procedures): In response to this requirement, SSA receives about one submission in a two to three year period. A default value of one respondent is used for this requirement.

f) Section 435.51 (Monitoring and reporting program performance): All of the recipients are affected by this requirement and must submit reports on a quarterly basis. Therefore,  $196 \times 4 \times 12 = 9408$  hours.

g) Section 435.53 (Retention and access requirements for records): All of the recipients are affected by this requirement. Therefore,  $196 \times 8 = 1568$  hours.

h) Section 435.81 (Initial appeal) and section 435.82 (Appeal of decision of ACOAG): SSA has had only 2 grant appeal actions within the past 16 years (the last was in 1999); therefore, there is very little reporting activity expected to be generated under these sections. A default value of one respondent is used for each of these requirements. Therefore,  $(435.81) 1 \times 16 = 16$  hours and  $(435.82) 1 \times 8 = 8$  hours.

The total burden is reflected as burden hours. No separate cost burden has been calculated.

13. There is no known cost burden to the respondents.
14. There is no significant cost to the Federal Government.
15. The number of respondents has increased. Therefore, the total number of responses has increased from 413 to 697 and the annual reporting burden has increased from 8,955 to 12,871, a total increase of 3,916 hours. However, the frequency of reporting has not changed since the last reporting period.
16. The results of the information collection will not be published.
17. SSA is not seeking an exception to display the OMB expiration date.
18. SSA is not requesting an exception to the certification requirements at 5 CFR 1320.9 and related provisions at 5 CFR 1320.8(b)(3).

## **B. Collections of Information Employing Statistical Methods**

Statistical methods are not used for this information collection.