

Research and Development

Grants to Nonprofit Organizations for Support of Scientific Research

Headquarters
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UNCLASSIFIED

SUMMARY of CHANGE

AR 70-5

Grants to Nonprofit Organizations for Support of Scientific Research

This regulation is--

- o A transitional reprint which places it in the new UPDATE format.
- o Any previously published permanent numbered changes have been incorporated into the text.

Effective 15 August 1977

Research and Development

Grants to Nonprofit Organizations for Support of Scientific Research

By Order of the Secretary of the Army:

BERNARD W. ROGERS
General, United States Army
Chief of Staff

Official:

PAUL T. SMITH
Major General, United States Army
The Adjutant General

History. This UPDATE issue is a reprint of the original form of this regulation that was published on 15 August 1977. Since that time,

no changes have been issued to amend the original. This publication has been reorganized to make it compatible with the Army electronic publishing database. No content has been changed.

Summary. This is a complete revision with changes made throughout to comply with DOD Directive 3210.2 and Office of Management and Budget Circular A-110.

Applicability. See paragraph 1-2.

Proponent and exception authority. Not applicable.

Army management control process. Not applicable.

Supplementation. Local supplementation of this regulation is prohibited, except upon

approval of the Deputy Chief of Staff for Research, Development and Acquisition.

Suggested Improvements. The proponent agency of this regulation is the Office of the US Army Materiel Development and Readiness Command. Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) direct to HQ, DARCOM, DRCDMD-ST, 5001 Eisenhower Ave., Alexandria, VA 22333.

Distribution. Active Army, D; ARNG, None; USAR, D.

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*This regulation supersedes AR 70-5, 1 August 1973 and rescinds DA Form 2697-R, 1 July 1966 and RCS DD-I&L(A) 598.

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Chapter 1 General

1-1. Purpose

This regulation authorizes and prescribes procedures for making of grants for support of scientific research in furtherance of the objectives of the Department of the Army pursuant to authority contained in P.L. 85-934 dated 6 September 1958 (72 Stat. 1793,42 U.S.C. 1891), as amended by P.L. 93-608 dated 2 January 1975. It also implements the uniform administrative requirements set forth in the Office of Management and Budget Circular No. A-110, dated 30 July 1976, and DoD Directive 3210.2.

1-2. Scope

a. This regulation applies to all Department of Army activities authorized to award grants to educational institutions and other nonprofit organizations as defined herein, and to vest in such recipients title to equipment purchased with grant funds. This regulation does not apply to either the Army National Guard or the Army Reserve.

b. Chapters 4 and 5 are not mandatory with respect to grants awarded to foreign (including Canadian) or international organizations (such as agencies of the United Nations) and Government-owned contractor operated facilities or research centers providing continued support for mission-oriented large scale programs that are Government-owned or controlled, or are designed as Federally-funded research and development centers; however, the principles contained therein should be applied to the extent practicable.

c. The provisions of this regulation will be applied to sub-recipients performing substantive work under grants that are passed through or awarded by the primary recipient if such subrecipients are organizations described in paragraph 1-4c, below.

1-3. Policy

a. A grant will be limited to the support of research authorized by P.L. 85-934, as amended, which meets relevant research requirements of the Department of Defense. Prior to awarding a grant—

(1) The prospective recipient must have furnished a letter of assurance that it is complying with the provisions of P.L. 88-352, (42 USC 2000 et seq.) the Civil Rights Act of 1964, as implemented by DoD Directive 5500.11.

(2) Environmental factors involved in research programs or projects will be considered pursuant to the guidelines of DoD Directive 6050.1.

(3) A determination must have been made that the prospective recipient is not in violation of the statutory limitation contained in Section 606, P.L. 92-436, or any similar later enactment. Section 606 requires that no funds be expended at any institution of higher learning whose policies bar military recruiting personnel from their premises, unless the Secretary of Defense or his/her designee specifically determines that a renewal or continuation of previous grants to such institutions is likely to contribute significantly to the defense effort.

(4) The prospective recipient must agree, for awards exceeding \$100,000, to comply with all the requirements of section 114 of the Clean Air Act, as amended (42 U.S.C. 1857, et seq., as amended by Public Law 91-604) and section 308 of the Federal Water Pollution Control Act (33 U.S.C. 1251, as amended by Public Law 92-500), respectively. (See para. 4-27.)

(5) The sponsoring agency must determine that the prospective recipient has adequate management systems as defined in chapter 5 of this regulation to safeguard the interests of the Government and to satisfy the requirements of the grant.

(6) If more than \$10,000 to a grantee organization located outside the United States or Canada, the Secretary of the Army or his/her designee must have determined in advance that the research cannot be performed by a US or Canadian organization, and it is not feasible to forego performance.

b. The statute authorizing grants is intended to give the Military

Departments flexibility in obtaining research services by authorizing grants to, and the vesting of title to equipment purchased with grant funds in, educational institutions and other nonprofit research organizations. There is a relaxation of many of the rigid requirements which have been placed upon contracts, but there must be strict compliance with those limitations which are imposed. Department of the Army policy is to employ this discretionary flexibility by selecting either a grant or a research contract, on the basis of a determination as to which will best further the objectives of the Department of the Army.

c. A determination in favor of a grant in lieu of a contract will be made only after full consideration is given to the nature of the proposed research, as well as the magnitude and extent of the support. This determination may depend on but is not restricted to the following factors:

(1) *Support of an investigation of broad scope.* A grant may be more suitable if the recipient is to carry out investigations not properly confinable to a specific field or particular approach.

(2) *Simplicity and economy in execution and administration.* A grant may be more suitable if there is neither need nor opportunity for detailed supervision by the supporting agency. The factor of economy, resulting from the simplification of accounting and auditing procedures applicable to grants, should also be considered, but not in competition with substantive factors.

(3) *Payment.* Performance of a task may be assisted by extending to the recipient the greater flexibility of payment which the grant arrangement offers in comparison with a contract.

d. Title to all or any part of the equipment purchased with grant funds shall vest in the recipient unless it is determined that to do so is not in furtherance of the objectives of the sponsoring agency.

e. The services of the Defense Documentation Center for Scientific and Technical Information will be available to recipients of Department of the Army grants in the same manner as for Department of the Army contractors and according to the same procedures.

1-4. Explanation of terms

a. *Grant.* For the purpose of this regulation the term grant means an award of money, property, or both, made by a sponsoring agency under the authority of P.L. 85-934, to an eligible recipient for performance of research.

b. *Research.* For the purpose of this regulation, research is scientific study and experimentation directed toward increasing knowledge and understanding in those fields of the physical, engineering, environmental, biological-medical, and behavioral-social sciences directly related to explicitly stated long term national security needs. It provides fundamental knowledge for the solution of identified military problems. It also provides part of the base for subsequent exploratory and advanced developments in Defense-related technologies and of new or improved military functional capabilities in areas such as communications, detection, tracking, surveillance, propulsion, mobility, guidance and control, navigation, energy conversion, materials and structures, and personnel support.

c. *Educational institution or other nonprofit organization.* The terms educational institution or other nonprofit organization (hereinafter referred to as "recipient") as used in this regulation means any corporation, foundation, trust, or institution operated for purposes of higher education or whose primary purpose is the conduct of scientific research. The recipient organization must not be organized for profit, and no part of the net earning will inure to the profit of any private shareholder or individual.

d. *Grant agreement.* A written document indicating agreement between the Department of the Army and an eligible recipient by which the Army agrees to give to the recipient a stated sum of RDTE funds, and the recipient agrees to utilize such funds to perform certain research as set forth in an approved proposal of the recipient. A suggested format is shown in figure 1-1.

e. *Sponsor or sponsoring agency (grantor).* A research activity within the Department of the Army which has the responsibility for evaluation and selection of research projects to be performed by

recipient organizations and which has had one or more of its officers or officials designated as an award approving authority.

f. Award approving authority. An officer or official at a sponsoring agency authorized, pursuant to an appropriate delegation of authority, to approve awards of grants.

g. Project Officer. An employee of a sponsoring agency who is qualified to determine the scientific merit and reasonableness of estimated costs of research proposed, and to recommend whether a grant should or should not be made, and to whom it should be made.

h. Grant Officer. A United States Government contracting officer, appointed pursuant to the Armed Services Procurement Regulations who is assigned to a procurement office within or servicing a sponsoring agency.

i. Recipient or recipient organization (grantee). The educational institution or nonprofit organization to which the grant will be made.

j. Principal investigator. An employee of the recipient who will be responsible for direct supervision of the work and will participate in the conduct of the research regardless of whether he or she is to receive any compensation from grant funds.

k. Authorized recipient representative. An officer, official, or representative of the recipient organization who is authorized to accept grants on behalf of the recipient and who is authorized to commit the resources of the recipient necessary to perform the research project.

l. Subrecipients. Educational institutions or other nonprofit organizations that shall perform substantive work under grants that are passed through or awarded by the primary recipient.

m. Financial terms applicable to funding, management, accounting payment and reporting—

(1) *Incremental programing/funding.* Incremental programing is the policy of budgeting and funding for a program year-by-year as distinguished from full funding or funding for the total cost to completion at the time a program is initially authorized. The incremental programing policies as contained in AR 70-6 will be followed with respect to use of RDTE funds for grant purposes.

(2) *Program income.* Program income represents gross income earned by the recipient from the Federally supported activities. Such earnings exclude interest earned on advances and may include, but will not be limited to, income from service fees, sale of commodities, usage or rental fees, and royalties on patents and copyrights.

(3) *Project costs.* Project costs are all allowable costs (as set forth in the ASPR, Section XV, Parts 2 and 3) incurred by a recipient and the value of the in-kind contributions made by the recipient or third parties in accomplishing the objectives of the grant or other agreement during the project or program period.

(4) *Cost sharing and matching.* In general, cost sharing and matching represent that portion of project or program costs not borne by the Federal Government.

(5) *Cash contributions.* Cash contributions represent the recipient's cash outlay, including the outlay of money contributed to the recipient by non-Federal third parties.

(6) *In-kind contributions.* In-kind contributions represent the value of noncash contributions provided by the recipient and non-Federal third parties. Only when authorized by Federal legislation may property purchased with Federal funds be considered as the recipient's in-kind contributions. In-kind contributions may be in the form of charges for real property and non-expendable personal property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

(7) *Accrued expenditures.* Accrued expenditures are the charges incurred by the recipient during a given period requiring the provision of funds for—

(a) Goods and other tangible property received,
(b) Services performed by employees, contractors, subrecipients, and other payees, and

(c) Other amounts becoming owed under programs for which no current services or performance is required.

(8) *Accrued income.* Accrued income is the sum of—

(a) Earnings during a given period from services performed by the recipient; and goods and other tangible property delivered to purchasers; and

(b) Amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

(9) *Federal funds authorized.* Federal funds authorized are the total amount of Federal funds obligated by the Federal Government for use by the recipient.

(10) *Obligations.* Recipient obligations are the amounts of orders placed, contracts and grants awarded, services received, and similar transactions during a given period that will require payment by the recipient during the same or a future period.

(11) *Outlays or expenditures.* Outlays or expenditures represent charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients and other payees and other amounts becoming owed under programs for which no current services or performance are required.

(12) *Unliquidated obligations.* For recipient reports prepared on a cash basis, unliquidated obligations represent the amount of obligations incurred by the recipient that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

(13) *Letter-of-credit.* A letter-of-credit is an instrument certified by an authorized official of a sponsoring agency that authorizes a recipient to draw funds when needed from the Treasury, through a Federal Reserve bank and the recipient's commercial bank, in accordance with the provisions of Treasury Circular No. 1075, as revised.

(14) *Advance by Treasury check.* An advance by Treasury check is a payment made by a Treasury check to a recipient upon its request before outlays are made by the recipient, or through the use of predetermined payment schedules.

(15) *Reimbursement by Treasury check.* A reimbursement by Treasury check is a Treasury check paid to a recipient upon request for reimbursement from the recipient.

(16) *Financial plan.* The financial plan is the financial expression of the project or program as approved during the application and/or award process. It may include either the Federal or non-Federal share or only the Federal share, depending upon the sponsoring agency's requirements.

(17) *Disallowed costs.* Disallowed costs are those charges to a grant that the sponsoring agency or its representative determines to be unallowable, in accordance with the ASPR, Section XV, Parts 2 and 3, or other conditions contained in the agreements.

(18) *Unobligated balance.* The portion of funds authorized by the sponsoring agency that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

n. Termination. The termination of a grant means the cancellation of Federal sponsorship, in whole or in part, at any time prior to the date of completion.

o. Suspension. The suspension of a grant is an action by a sponsoring agency that temporarily suspends sponsorship under the grant pending corrective action by the recipient or pending a decision to terminate the grant by the sponsoring agency.

p. Property terms applicable to management, accounting, and reporting of property furnished to or acquired by recipients under a grant.

(1) *Real property.* Real property means land, including land improvements, structures, and appurtenances thereto, but excluding movable machinery and equipment.

(2) *Personal property.* Personal property of any kind except real property. It may be tangible—having physical existence or intangible—having no physical existence, such as patents, inventions and copyrights.

(3) *Nonexpendable personal property.* Nonexpendable personal property means tangible personal property having a useful life of more than 1 year and an acquisition cost of \$300 or more per unit except that recipients subject to Cost Accounting Standards Board regulations may use the CASB standard of \$500 per unit and useful life of 2 years.

(4) *Expendable personal property.* Expendable personal property refers to all tangible personal property other than nonexpendable property.

(5) *Excess property.* Excess property means property under the control of any Federal Agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities.

(6) *Acquisition cost of purchased nonexpendable personal property.* Acquisition cost of an item of purchased nonexpendable personal property means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

(7) *Exempt property.* Nonexpendable property acquired in whole or in part with Federal funds and title to which is vested in the recipient without further obligation to the Federal Government.

(8) *Closeout.* The closeout of a grant agreement is the process by which a sponsoring agency determined that all applicable administrative actions and all required work of the agreement have been completed by the recipient and the sponsoring agency. The date of completion is the date on the award document or any supplement or amendment thereto.

Chapter 2 Responsibilities

2-1. Limitations of approved authority

a. Any proposed grant shall not be awarded until approved as follows:

(1) By the Secretary of Defense or the Deputy Secretary of Defense if the amount of the grant will be in excess of \$1 million.

(2) By the Secretary of the Army if the amount of the grant will be more than \$500,000 but not more than \$1 million.

(3) By the Deputy Chief of Staff for Research, Development and Acquisition if the amount of the grant will be \$500,000 or less.

(4) By other officials delegated pursuant to *b* or *c* below.

b. The Deputy Chief of Staff for Research, Development, and Acquisition may delegate to official research activities responsible for supporting research at educational institutions and other non-profit organizations, as necessary, the authority to approve the awards of grants in the amounts of \$300,000 or less.

c. Those activities delegated authority under *b* above may redelegate all of or a portion of their authority provided that their delegation contains authority for redelegation.

2-2. Deputy Chief of Staff for Research, Development, and Acquisition.

The Deputy Chief of Staff for Research, Development, and Acquisition will be responsible for—

a. Reviewing proposed grants in amounts greater than \$300,000, either approving or disapproving them or referring them to higher authority for approval action.

b. Assuring appropriate action on proposals received from other agencies for consideration.

c. Supervising and administering the overall Army Grant Program.

2-3. Other approving authorities.

Officials receiving delegations of authority to approve awards of grants will be responsible for—

a. Approving award of grants within their delegated authority.

b. Referring proposed awards exceeding their authority and for which award is recommended to an official having authority to approve the award. Proposed awards exceeding \$300,000 will be referred to the Deputy Chief of Staff for Research, Development and Acquisition.

c. When authorized to do so, issuing such redelegations of authority within their respective agencies as they consider necessary.

2-4. Sponsoring agencies.

All sponsoring agencies are responsible for the following, as applicable:

a. Encouraging submission of unsolicited proposals.

b. Assuring that all proposals received are properly evaluated, both technically and financially.

c. Designating a project officer to be responsible for each proposal received.

d. Establishing scientific review panels, when appropriate:

e. Maintaining a relationship with the scientific and academic community under which project officers will be able to obtain independent reviews of proposals assigned to him or her for evaluation.

f. Defining agency objectives to facilitate determinations with respect to vesting or not vesting in recipients title to the equipment procured with grant funds.

g. Providing scientific and administrative support to the project officer and grant officer for award and administration of grants.

2-5. Project officers.

Project officers will be responsible for—

a. Assuring a fair and impartial evaluation of the scientific merit of all proposals assigned.

b. Preparing a written determination with respect to the relevancy of the research effort to be undertaken to a specific military function or application.

c. Providing recommendations to the grant officer concerning the reasonableness of proposed research costs except for those involving direct or indirect rates under audit cognizance.

d. Preparing recommendations for approval or disapproval of a proposed award.

e. Monitoring the research effort through onsite visits and recipient reports and notifying the grant officer if the recipient is significantly departing from the overall research scope, the financial plan, or other terms of the research agreement.

f. Determining if an environmental impact statement must be filed in accordance with DoD Directive 6050.1, dated 9 August 1971.

g. Making recommendations with respect to suspension, termination, or other changes in grant terms.

h. Assisting grant officers in resolution of questionable costs claimed.

2-6. Grant Officers

Grant officers will be responsible for—

a. Assuring that grant awards and administration are accomplished in accordance with guidelines contained herein including compliance by the recipient to the standards set forth in chapter 5, "Recipient Management Systems".

b. Obtaining all necessary approvals prior to award of a grant.

c. Assuring that appropriate funds are available for obligation.

d. Executing grant agreements and any changes thereto.

e. Obtaining recommendations of the project officer with respect to any proposed grant changes not initiated by the project officer.

f. Issuing any required notices of suspension or termination.

- g. Assuring compliance with grant terms through on-site visits and monitoring of recipients' reports.
- h. Closeout of the agreement.

Chapter 3

Submission of Research Proposals

3-1. Prospective recipients

a. Educational institutions and nonprofit organizations as defined in chapter 1 may submit proposals for research grants. Proposals received from prospective recipients not eligible for awards of grants pursuant to this regulation will be processed in accordance with the provisions of other appropriate regulations.

b. Representatives of the Army shall encourage submission of unsolicited proposals. Normally, research proposals will be initiated by the principal investigator interested in doing the work. Accordingly, if desired, prior to formal submission by the prospective recipient concerned, the principal investigator may discuss the research proposal informally or correspond informally with representatives of a sponsoring agency.

3-2. Time of submission

Research proposals may be submitted at any time. Receipt of proposals shall be acknowledged in accordance with paragraph 3-4.

3-3. Transfer of a proposal

Prospective recipients may submit proposals to any sponsoring agency. Any proposal known to be within the purview of another agency will be forwarded directly to that agency. If it cannot be determined which agency has an interest, the proposal may be forwarded to the US Army Research Office.

3-4. Notification of prospective recipients

The objectives of the Department of the Army in the area of scientific research require that sponsoring agencies foster an atmosphere encouraging the scientific and academic communities to participate in research efforts relevant to the needs of the Army. In this regard it is important to keep prospective recipients advised of the status of unsolicited proposals. Each agency will, as a minimum, advise prospective recipients as follows:

a. Upon receipt of an unsolicited proposal, the agency will acknowledge receipt and advise the prospective recipient of the name and address of the responsible project officer.

b. The project officer will, as soon as practicable, advise the recipient that the evaluation of the proposal has commenced and an anticipated time frame (i.e., month and year) for completion of the evaluation. If the proposal is not within the purview of the receiving agency and has been forwarded to another agency, indicate the name of the agency to which forwarded and the date forwarded.

c. Official notification of approval will be made by the grant officer forwarding to the recipient an executed grant agreement.

3-5. Proposal contents

A proposal will contain—

a. *Name and address of recipient organization.* A prospective recipient will indicate its legal or corporate designation, followed by the popular or commonly used designation in parentheses, if different. Appropriate evidence establishing that the grantee is an organization of the type eligible for a grant under the applicable statute (para. 1-1) may be requested if such evidence has not been submitted previously.

b. *Brief descriptive title of proposed research.*

c. *Desired starting date of research.* Prospective recipients should establish a starting date sufficiently in advance to permit scheduling reviews and program planning; alternative starting dates also should be established. The sponsoring agency and recipient will mutually decide the starting date of the agreement. It is the policy of the Army not to authorize pre-grant costs in the absence of extraordinary circumstances. Requests for allowance of such costs must be

made by the recipient and approved in writing by the grant officer in advance of the time when incurrence of such costs is anticipated.

d. *Duration of research.* The length of time set forth for the proposed research should be consistent with the nature and complexity of that research, not to exceed a period of 5 years. Proposals indicating an unrealistically short period, or made in contemplation of requesting additional time and funds at a later date, will not be considered. Each proposal, even though it is a continuation of previously approved research, normally is considered as a new proposal and will be handled as such. The foregoing will not preclude considerations of grants for pilot or feasibility studies which contemplate additional time and funds upon a satisfactory conclusion of the preliminary study.

e. *Description of proposed research.* A reasonably detailed description of the work to be undertaken, its objectives, and its relation both to the present state of knowledge in the field and to comparable work in progress elsewhere should be provided. A pertinent bibliography also should be furnished. It is recognized that research plans cannot be spelled out in minute detail in the proposal stage.

f. *Assessment of environmental impact.* A brief statement of the possible impact, if any, of the proposed research on the environment, considering as a minimum its effect upon—

(1) Water, including any significant alterations in temperatures, increase in sedimentation or introduction of toxic, hazardous, chemical or organic materials in significant amounts into or upon any bodies of water.

(2) Atmosphere, by noise and toxic or hazardous substances or other pollutants.

(3) Natural resources, including either harmful or helpful effects or both on vegetation, wild life, or marine life.

(4) Human resources, beneficial or adverse.

(5) Other values, including any aspects which could interfere unreasonably with living conditions of man, wildlife, marine life, or with any ecosystems on an immediate, short-range basis.

g. *Facilities.* Proposals should include brief descriptions of existing facilities and major items of equipment especially adapted or suited to the proposed research. If the recipient intends to procure additional equipment or facilities for the project with other than Federal funds, this should also be mentioned.

h. *Personnel.* A short biographical sketch of the principal investigator and a list of his/her principal publications will be included, as will similar biographical information on other senior professional personnel who will be associated directly with the project. If applicable, the number of student or other assistants, together with information as to their level of academic attainment, will be listed. The sponsoring agency may request the names and titles of other scientific and technical personnel associated indirectly with the project in an advisory capacity.

i. *Financial plan.* A financial plan, prepared in accordance with the following, will be included with the proposal. (See fig. 3-1 for sample plan). For proposals for support of conferences and symposia, see paragraph 3-5j, below.

(1) *Policy.* RDTE program development policy is contained in AR 70-6.

(2) *Guidance in ASPR.* Parts 2 and 3 of Section XV of the Armed Service Procurement Regulation (ASPR) should be used as a guide in preparation and consideration of the budget. Costs which are unallowable pursuant to the ASPR may not be included in the financial plan.

(3) *Scope of research proposal.* The financial plan for each research proposal should reflect the magnitude and scope of the research work contemplated by the principal investigator and indicate the means by which he/she intends to accomplish the proposed research. To permit realistic assessment of the financial requirements of the research, the prospective recipient will disclose the following:

(a) The estimated cost, by cost element, for the total research project (i.e., costs to be borne by the sponsoring agency, costs to be borne by the recipient and costs to be borne by any other organization, Federal or non-Federal).

(b) Forecasted project funds by source and amount both Federal

and non-Federal. Total forecasted project funds should equal total forecasted project costs in paragraph (a) above.

(4) *Profit not allowed.* Fees of a profit nature will not be allowed.

(5) *Salaries.* Include a list of personnel, the percentage of time each will devote to the research, rate of pay or stipend for each, and a total amount for salaries per year to be paid from the grant to each individual. If the prospective recipient is an educational institution, salary costs shall be calculated in accordance with ASPR 15-309.7. If the prospective recipient is not an educational institution, an explanation of the basis for calculating salary costs shall be provided.

(6) *Consulting service fees.* Such fees will be itemized and completely justified by the prospective recipient. Careful consideration will be given to the necessity for such services and amount of effort devoted to the research.

(7) *Nonexpendable personal property.* Unless specifically identified in the financial plan, items of personal property having a unit acquisition cost in excess of \$500 must be approved by the sponsoring agency for purchase from grant funds prior to purchase. In order to reduce grant administration cost associated with processing requests for approval, such items will be identified in the financial plan to the maximum extent practicable. Also, when the research effort is expected to result in the development and assembly of a major item from relatively inexpensive components, this will be indicated.

(8) *Expendable equipment and supplies.* Indicate in general terms the types of expendable equipment and supplies which will be consumed in the research.

(9) *Travel.* Prospective recipients will briefly describe the type of travel contemplated and its relevance to the research project. Foreign travel requires prior approval of the sponsoring agency.

(10) *Publication costs.* Show the amount required for publication costs anticipated, including purchase of reprints.

(11) *Other direct costs.* Itemize other anticipated direct costs not included above.

(12) *Indirect costs.* Indirect costs shall be expressed as a percentage of a specified base. Prospective recipients will indicate the rate and the base to which it applies. Where a negotiated agreement exists between a prospective recipient and a Federal agency predetermining indirect cost rates to be used for Federally sponsored research projects, such rates will be utilized; however, a prospective recipient will be permitted to assess the project indirect costs at a rate lower than the negotiated rate in lieu of other contributions to meet any cost sharing requirements. Prospective recipients will indicate whether the proposed rate is fixed or provisional and provide evidence of any Federally negotiated rates. If proposed rates are fixed rates, the period of applicability should be disclosed. Use of fixed predetermined rates will be encouraged.

(13) *Cost sharing.* Cost sharing (participation) by the prospective recipient as appropriate, (see paragraph 4-14) will be expressed either as a source of program income (paragraph 3-5i(3)(b)) or a reduction in indirect costs (paragraph 3-5i(12)).

j. *Conferences and symposia.* If the principal purpose of the proposal is to request total or partial support of a conference or symposium, the following will be submitted in lieu of 3-5i:

(1) The amount of support requested.

(2) A brief description of the purposes (travel, honorary, etc.) for which the requested funds will be used.

(3) A statement that any funds provided will not be used to pay or reimburse scientists from communist countries.

(4) Complete identification of any prospective cosponsors. In this regard, the prospective recipient will identify and request approval from the sponsoring agency of any brochure or advertisement reflecting Government-furnished support (see AR 70-26 for guidance).

k. *Other sponsors (see fig. 3-1).* The prospective recipient will be required to state whether or not the proposal has been submitted to other possible sponsors (and if so, to whom) in whole or in part, including other Federal agencies. Indicate also any present sponsors

of any portion of the program outlined in the proposal. The submission of a proposal to other organizations concurrently with its submission to the Department of the Army will not prejudice its review by the Department of the Army. However, the prospective recipient will indicate agreement to—

(1) Immediately notify the sponsoring agency that notification has been received from another prospective sponsor (either Federal or non-Federal) of its intention to support the research effort, or

(2) Withdraw the proposal from consideration by other potential sponsors upon receipt of an executed grant agreement or other notification of pending award from the sponsoring agency.

l. *Circumstances which may impact performance.* (See fig. 3-1). Prospective recipients will provide information which may impact performance of the research proposal by the principal investigator and any other senior professional personnel who will be associated directly with the project (key personnel) as follows:

(1) A list of other active research project(s), both Federal and non-Federal, identified by title(s), sponsor(s), direct labor hours or percentage of time which key personnel are obligated to devote to the project(s), estimated annual project cost(s) and beginning and ending date of the project(s).

(2) A list of other proposals currently under consideration by other prospective sponsors which involve expenditure of effort by any key personnel. The same information specified in (1) above should be provided.

(3) A brief list of other teaching, research and administrative duties and the percentage of time devoted to each.

(4) A description of any prior Federal employment within 1 year preceding the date of proposal submission.

m. *Signatures.* At least one copy of the proposal will be signed by the principal investigator, the department head, and an authorized institutional representative.

3-6. Restrictive markings on proposals.

It is the policy of the US Army to treat all research proposals as privileged information and to disclose the contents only for the purpose of evaluation. Technical evaluations of proposals are normally made by highly qualified scientists both from within and outside the Government. This assures that the evaluation will be made by those most qualified in the field of the proposal. All reviewers realize the proposals sent to them are to be kept in confidence and that no copies or unauthorized use will be made of the contents of the proposals. The recipient should be aware, however, that despite all precautions, the sponsoring agency can protect the confidentiality of proposals only to the extent that they are exempt from disclosure under the Freedom of Information Act. Moreover, the US Army cannot accept any liability for the disclosure of proposals for grants regardless of the reason for said disclosure.

3-7. Requests for continued support

a. Requests for continued support will be considered on the same basis as all other proposals pending with the Army at the time of such request. Consequently, these requests should contain the same information as any other proposal in addition to a resume of progress to date.

b. When a proposal requesting continued support for research previously supported by the Department of the Army is approved, a new grant will be activated. If the funds for the second grant are received prior to the time that the funds from the first grant are exhausted, work under the first grant will not be considered completed until such funds are fully expended, or returned to the grantor. Work under the second grant will be considered as beginning on the day following the completion of the first grant. Any changes to the grant performance periods must receive prior approval in writing by the grantor. New accounts will be established for the second grant in order that the recording and reporting of expenditures may be segregated.

c. When a proposal for continued support is approved, the requirement for a final technical report may be waived at the discretion of the sponsoring agency, provided—

(1) An approved interim technical report is received from the recipient on or near the completion date of a predecessor grant, and

(2) The recipient is required to submit a comprehensive final technical report covering a predecessor grant as well as a follow on grant.

Chapter 4

Evaluation, Approval, Award, and Administration Procedures

4-1. Evaluation

a. Sponsoring agencies will ensure that all proposals received are properly evaluated, except that any proposal considered to be more within the purview of another agency will be transferred in accordance with paragraph 3-3. The evaluation will include the scientific, technical, legal, cost, and administrative aspects of the proposal.

b. The project officer to which the proposal has been assigned will determine the depth of the scientific and technical review required to ensure thorough and fair evaluation. He or she will use such available resources both within and outside the Government to assist in the evaluation as is deemed necessary.

c. The evaluation will result in a determination by the project officer that the proposal would or would not further Department of the Army objectives and a recommendation for approval or disapproval of award of a grant.

d. If approval is recommended, the project officer will determine if vesting title in the recipient for any items of nonexpendable personal property having a unit acquisition cost of \$1,000 or more that is proposed for acquisition from Federal funds would not further the objectives of the sponsoring agency. A specific written determination will be made for any item of equipment with an expected unit acquisition cost of \$5,000 or more. For items with a unit acquisition cost of less than \$5,000, the grant agreement will provide for vesting of title in the recipient of such property in the absence of a written determination to the contrary.

e. Grant officers are responsible for the cost and administrative aspects of the evaluation. Formal pre-award audits by cognizant audit agencies may be requested when considered necessary; however, where practicable, less costly methods for determining reasonableness of estimated costs should be used. These may include informal discussions with cognizant auditors or officials of other Federal agencies having grants or contracts with the prospective recipient or reliance upon historical data at the sponsoring agency.

f. Care must be exercised by both the project officer and the grant officer to ensure that grants are only awarded to responsible prospective recipients. Grants will not be awarded to prospective recipients who have previously demonstrated a disregard for compliance with grant provisions. The extent to which a prospective recipient's management systems comply with the standards prescribed in chapter 5 will be a factor but not the only factor in determining responsibility. For example, a prospective recipient who has an otherwise satisfactory record of performance but whose financial management system does not fully meet the prescribed standards may be awarded a grant which provides for payments on a reimbursement rather than advance basis.

g. It is recognized that during evaluation of a proposal a need may arise to discuss certain aspects of the proposal which require change or clarification. Such discussions shall be conducted as informally as practicable to permit a free exchange of information. Persons conducting such discussions will be alert to events which constitute significant changes in the proposal or additional commitments by the recipient and ensure that such changes are documented in a formal supplement or revision to the proposal.

4-2. Funding

The project officer will determine the funding method to be utilized for the grant. The method must be consistent with incremental

programming requirements and selection will be based upon such factors as current fund availability, anticipated availability of funds under future fiscal year appropriations, and administration. A grant may be fully funded at the outset or funded for an initial incremental period with funding of future increments being subject to availability of funds from future years appropriations. The project officer may also request that provisions be included in the grant agreement which will permit the sponsoring agency to support additional periods of research effort beyond that originally specified.

4-3. Joint funding

If it is determined that more than one agency is interested in sponsoring the proposed research (see para 3-5k) the agencies may jointly fund the project. However, agencies are encouraged to utilize coordinated procurement procedures to the maximum extent possible. Agencies are also prohibited from awarding a grant where the grant amount and recipient contributions are inadequate to accomplish the approved scope of work. Funds may be transferred from one interested agency to the sponsoring agency for award and administration. This does not preclude separation of the proposal into independent actions providing neither one is contingent upon the other and that such arrangement is clearly reflected in the grant agreement.

4-4. Legal review and approval

a. Each proposed grant agreement shall be reviewed for legal sufficiency by a staff judge advocate or other legal counsel prior to award.

b. Requests for approval of awards at levels higher than the sponsoring agency will be submitted through command channels and will contain the following:

(1) The name of the sponsoring agency and the name of an individual at that agency to be contacted in the event additional information is required.

(2) The name and address of the prospective recipient.

(3) The total amount of the proposed grant.

(4) A brief description of the proposed research.

(5) A statement that appropriate funds are available.

(6) A statement that the proposed award has been subjected to legal review and is legally sufficient.

c. The authority approving the award will provide written evidence of approval to the sponsoring agency.

4-5. Award

Awards will be effected by an authorized grant officer executing a grant agreement. Grant officers will not make awards until assured that—

a. Appropriate funds are available. Only RDTE funds will be used for grant awards.

b. Approval at the appropriate level has been obtained.

c. All provisions of this regulation have been complied with.

4-6. Responsibilities of recipient

The recipient will primarily be responsible for the conduct of the research and will exercise judgment towards attaining the stated research objectives within the terms and conditions of the grant agreement. The principal investigator, as specified in the grant agreement, will be continuously responsible for and closely involved in the research effort. The principal investigator operating within the policies of the recipient is in the best position to determine the means by which the research may be conducted most effectively. Although primary responsibility rests with the recipient this does not relieve the sponsoring agency of its responsibility to effectively monitor the project to ensure that—

a. The recipient abides by the terms and conditions of the grant agreement.

b. Funds provided are used only to further the objectives of the research, and

c. That extravagant or wasteful methods are not employed.

4-7. Recipient's proposal

The agreement will incorporate by reference or otherwise the recipient's approved proposal including any supplements or revisions.

4-8. Principal investigator

The name of the principal investigator will be specified and a provision included in the grant agreement requiring immediate notification to the sponsoring agency if at any time the recipient proposes to change the principal investigator, continue the research work during a continuous period in excess of 3 months without the participation of the principal investigator, or if the principal investigator will, or plans to, devote substantially less effort to the work than indicated in the approved proposal.

4-9. Performance period

a. The performance period of the grant will be specified in the grant and will not exceed 5 years. The performance period will commence on a date subsequent to execution of the grant by both parties.

b. When progress of research under the grant is enhanced or delayed and circumstances warrant, the performance period specified in the grant may be changed without additional funding. Such changes may be authorized provided—

(1) A written request is made by the recipient.

(2) The changed period of performance will not exceed 5 years.

(3) The change is in accordance with the incremental programming procedures specified in AR 70-6.

c. Any changes to the performance period will be reflected in a written modification to the grant agreement.

d. Prior to authorizing a change to the performance period, the sponsoring agency will ascertain if the change will result in excessive advance payments being in the possession of the recipient and, when necessary, adjust the advance payment schedule.

4-10. Financial plan (budget)

The financial plan shall be prepared in accordance with guidelines provided in chapter 3, paragraph 3-5i. The period of applicability for both fixed and provisional indirect cost rates shall be specified in the grant agreement.

4-11. Revision of financial plans

a. The following criteria and procedures will be used by recipients for determining the necessity for revising a financial plan and for obtaining approval of the sponsoring agency of proposed revised plans.

(1) Recipients will request approvals from the sponsoring agency when there is reason to believe that a revision will be necessary for the following:

(a) Changes in the scope or the objective of the project or program.

(b) Change in the principal investigator as specified in the grant.

(c) Change in the performance period as specified in the grant.

(d) The transfer of amounts budgeted for indirect costs to absorb increases in direct costs and vice versa if approval is required by the sponsoring agency.

(e) Those expenditures which require approval in accordance with the ASPR, Section XV, Parts 2 and 3.

(f) If recipients plan to transfer funds allotted for training allowances (direct payments to trainees) to other categories of expense.

(g) If the subcontracting of substantive programmatic work is contemplated under the grant or other agreement. This provision does not apply to the purchase of supplies, material, equipment, or general support services.

(h) For awards exceeding \$100,000, the transfer of funds among direct cost categories when the cumulative amount of such transfers exceeds or is expected to exceed five percent of the total budget as last approved by the sponsoring agency. The same criteria will apply to the cumulative amount of transfers among programs, functions, and activities when budgeted separately for an award, except that the sponsoring agency will permit no transfer that would cause

any Federal appropriation, or part thereof, to be used for purposes other than those intended.

(2) The sponsoring agencies will require recipients to notify the sponsoring agency promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient by more than \$5,000 or five percent of the Federal award, whichever is greater.

b. When requesting approval for revisions, recipients will use a letter request.

c. Within 30 calendar days from the date of receipt of the request for budget revisions, the sponsoring agency will review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the sponsoring agency will inform the recipient in writing of the date when the recipient may expect the decision.

4-12. Program income

The recipient will account for program income related to projects financed in whole or in part with Federal funds in accordance with the following standards:

a. Interest earned on advances of Federal funds will be remitted to the Federal sponsoring agency.

b. Proceeds from the sale of real and personal property either provided by the Federal Government or purchased in whole or in part with Federal funds, will be handled in accordance with paragraph 4-22 below, pertaining to property management.

c. Unless the grant agreement provides otherwise, the recipient will have no obligation to the Federal Government with respect to royalties received as a result of copyrights or patents produced under the grant or other agreement.

d. All other program income earned during the project period will be retained by the recipient and, in accordance with the grant, will be—

(1) Added to funds committed to the project by the sponsoring agency and recipient organization and be used to further eligible program objectives; or

(2) Used to finance the non-Federal share of the project when approved by the sponsoring agency; or

(3) Deducted from the total project costs in determining the net costs on which the Federal share of costs will be based.

4-13. Financial reporting

a. *Only the following reports in the format illustrated are authorized for obtaining financial information from recipients.* These standard forms may be requisitioned through normal Publications supply channels.

(1) SF 289 (Financial Status Report).

(2) SF 272 (Federal Cash Transactions Report).

(3) SF 270 (Request for Advance or Reimbursement).

b. SF 289 (Financial Status Report).

(1) The sponsoring agency will require recipients to use the standardized SF 289 to report the status of funds for all grants. The sponsoring agencies may, however, have the option of not requiring the SF 289 when the SF 270 or SF 272 is determined to provide adequate information to meet their needs, except that a final SF 289 will be required at the completion of the project when the SF 270 form is used only for advances.

(2) The sponsoring agency will prescribe whether the report will be on a cash or accrual basis. If the sponsoring agency requires accrual information and the recipient's accounting records are not normally kept on the accrual basis, the recipient will not be required to convert its accounting system, but will develop such accrual information through best estimates based on an analysis of the documentation on hand.

(3) The sponsoring agency will determine the frequency of the SF 289 for each grant. However, the report will not be required more frequently than quarterly or less frequently than annually. A final report will be required at the completion of the agreement.

(4) The sponsoring agency will require recipients to submit the SF 289 (original and no more than two copies) no later than 30 days after the end of each specified reporting period for quarterly and

semiannual reports, if required, and 90 days for annual and final reports. Extensions to reporting due dates may be granted upon request of the recipient.

c. SF 272 (Federal Cash Transactions Report).

(1) When funds are advanced to recipients with Treasury checks, the sponsoring agencies will require each recipient to submit a SF 272. The Federal sponsoring agency will use this report to monitor cash advanced to recipients and to obtain disbursement information for each grant from the recipients.

(2) The sponsoring agency may require forecasts of Federal cash requirements in the "Remarks" section of the report.

(3) When practical and deemed necessary, the sponsoring agency may require recipients to report in the "Remarks" section the amount of cash advances in excess of 3 days' requirements in the hands of subrecipients and to provide short narrative explanations of actions taken by the recipients to reduce the excess balances.

(4) Recipients will be required to submit not more than the original and two copies of the SF 272 15 working days following the end of each quarter.

(5) The sponsoring agency may waive the requirement for submission of the SF 272 when monthly advances do not exceed \$10,000 per recipient, provided that such advances are monitored through other reporting forms contained herein, or if, in the sponsoring agency's opinion, the recipient's accounting controls are adequate to minimize excessive Federal advances.

d. SF 270 (Request for Advance or Reimbursement).

(1) This report is the only report authorized for recipients to request advances or reimbursements. Each sponsoring agency will adopt the report when predetermined advance methods are not used.

(2) Recipients will be authorized to submit requests for advances and reimbursements at least monthly. Federal sponsoring agencies will not require the submission of more than the original and two copies of the SF 270.

e. When the sponsoring agency needs additional information in using these forms or more frequent reports, the following will be observed:

(1) When additional information is needed to comply with legislative requirements, the sponsoring agency will issue instructions to require recipients to submit such information under the "Remarks" section of the reports.

(2) When necessary to meet specific program needs, the sponsoring agency shall submit the proposed reporting requirements to the Financial Management Branch, Budget Review Division, Office of Management and Budget for approval prior to submission of the reports for clearance under the provisions of OMB Circular No. A-40.

(3) When the sponsoring agency has determined that a recipient's accounting system does not meet the Standards for Financial Management contained in paragraph 5-2 of this regulation, additional pertinent information to further monitor grants and other agreements may be obtained upon written notice to the recipient until such time as the system is brought up to standard.

(4) The sponsoring agency, in obtaining information as in paragraphs (1), (2) and (3) above, must comply with report clearance requirements of the Office of Management and Budget Circular No. A-40, as revised.

4-14. Cost sharing

a. The amount of the recipient's cost share will be identified in the grant agreement. Cost sharing will be determined in accordance with Federal Management Circular No. 73-3 dated 4 December 1973 and any amendments thereto. The recipient will be advised that cost sharing will be accepted as part of the final project cost only when all of the following conditions are present:

(1) The cost sharing is verifiable from the recipient's accounting records.

(2) The cost sharing claimed is not included as cost sharing for any other Federally sponsored program.

(3) The cost sharing is necessary and reasonable to accomplish the research objectives.

(4) The cost sharing is allowable in accordance with the ASPR, Section XV, Parts 2 and 3.

(5) The cost sharing is provided for in the budget approved by the sponsoring agency.

(6) The cost sharing is not paid by the Federal Government under another assistance agreement unless the agreement is authorized by Federal laws to be used for cost sharing purposes.

(7) The cost sharing conforms to other provisions of this regulation.

b. Cost sharing or matching may consist of—

(1) Charges incurred by the recipient as project costs. (Not all charges require cash outlays by the recipient during the project period; examples are depreciation and use charges for buildings and equipment.)

(2) Project costs financed with cash contributed or donated to the recipient by other non-Federal public agencies and institutions, and private organizations and individuals, and

(3) Project costs represented by services and real and personal property, or use thereof, donated by other non-Federal public agencies and institutions, and private organizations and individuals.

c. Values for recipient in-kind contributions will be established in accordance with the applicable cost principles.

d. Specific procedures for the recipients in establishing the value of in-kind contributions from non-Federal third parties are set forth below:

(1) *Valuation of volunteer services.* Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteer services may be counted as cost sharing if the service is an integral and necessary part of an approved financial plan.

(a) *Rates for volunteer services.* Rates for volunteers should be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates should be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved.

(b) *Volunteers employed by other organizations.* When an employer other than the recipient furnishes the services of an employee, these services will be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead costs) provided these services are in the same skill for which the employee is normally paid.

(2) *Valuation of donated, expendable personal property.* Donated, expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to expendable personal property included in the cost or matching share should be reasonable and should not exceed the market value of the property at the time of the donation.

(3) *Valuation of donated, nonexpendable personal property, buildings, and land or use thereof.*

(a) The method used for charging cost sharing or matching for donated nonexpendable personal property, buildings and land may differ according to the purpose of the grant or other agreement as follows:

1. If the purpose of the grant or other agreement is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.

2. If the purpose of the agreement is to support activities that require the use of equipment, buildings or land, depreciation or use charges for equipment and buildings may be made. The full value of equipment or other capital assets and fair rental charges for land may be allowed provided that the sponsoring agency has approved the charges.

(b) The value of donated property will be determined in accordance with the usual accounting policies of the recipient with the following qualifications:

1. *Land and buildings.* The value of donated land and buildings may not exceed its fair market value, at the time of donation to the recipient as established by an independent appraiser (e.g., certified

real property appraiser or GSA representatives) and certified by a responsible official of the recipient.

2. *Nonexpendable personal property.* The value of donated non-expendable personal property will not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

3. *Use of space.* The value of donated space will not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

4. *Loaned equipment.* The value of loaned equipment will not exceed its fair rental value.

e. The following requirements pertain to the recipient's supporting records for in-kind contributions from non-Federal third parties.

(1) Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the recipient for its employees.

(2) The basis for determining the valuation for personal services, material, equipment, buildings and land must be documented.

4-15. Payments

a. Payments to the recipient will be made as prescribed in the grant agreement. When advance payments are made under a predetermined schedule, the sponsoring agency will ensure that the payments are not in excess of the needs of the recipient. Adjustments in the payment schedule will be made when necessary to minimize the elapsed time between advance payments to the recipient and disbursement of the funds by the recipient.

b. Three methods of payments are available for use, as follows:

(1) Advancing funds by letters of credit.

(2) Advancing funds by Treasury check.

(3) Reimbursing by Treasury check.

c. The letter-of-credit method will be used if all of the following conditions exist:

(1) If there is or will be a continuing relationship between a recipient and a sponsoring agency for at least a 12-month period involving annual advances aggregating at least \$250,000, as prescribed by Treasury Circular 1075.

(2) If the recipient has established or demonstrated to the sponsoring agency the willingness and ability to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursement by the recipient.

(3) If the recipient's financial management systems meets the standards for fund control and accountability prescribed in chapter 5 of this regulation.

d. The advancing funds by Treasury check method will be used if the recipient has satisfied the conditions in c.(2) and c.(3) above, providing the condition in c.(1) does not exist. Advancing funds by Treasury check may be accomplished either by use of a predetermined schedule of payments or by use of the SF 270 (See para 4-13d).

e. The reimbursing by Treasury check method will be preferred but is not mandatory if the recipient has not satisfied the conditions in c.(2) and c.(3) above.

f. When the method of advancing payment by Treasury check is appropriate, use of a predetermined payment schedule is preferred. The advanced payment schedules will be determined as mutually agreed upon by the parties and adjusted, as necessary, based upon financial reporting. Predetermined payment schedules will be developed using the following general guidelines:

(1) Individual payments will normally not be less than \$5,000 or more than \$10,000 except that the \$10,000 limitation should not be applied if this would necessitate payments more often than monthly.

(2) Payment schedules should consider any anticipated abnormal expenditures such as extensive equipment purchases during a particular portion of the performance period.

g. When the reimbursement method is appropriate, the sponsoring agency will make payment within 30 days after receipt of the billing, unless the billing is improper.

h. Unless otherwise required by law, sponsoring agencies will not

withhold payments for proper charges made by recipients at any time during the grant period unless—

(1) A recipient has failed to comply with the program objectives, award conditions, or reporting requirements; or

(2) The recipient is indebted to the United States, and collection of the indebtedness will not impair accomplishment of the objectives of a project or program sponsored by the United States. Under such conditions, the sponsoring agency may, upon reasonable notice, inform the recipient that payment will not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

i. When the letter-of-credit procedure is used, the recipient will be issued one consolidated letter-of-credit whenever possible to cover anticipated cash needs for all grants and other agreements awarded by the sponsoring agency. Likewise, to the extent possible, when the advance by Treasury check method is used, advances should be consolidated (pooled) for all grants and other agreements made by the sponsoring agency to that recipient.

j. The sponsoring agency will require recipients to notify the sponsoring agency promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient by more than \$5,000 or five percent of the award, whichever is greater. This notification will not be required if applications for additional funding are submitted for continuing grants or contracts.

4-16. Cash depositories

The following standards govern the use of banks and other institutions as depositories for funds advanced under grants:

a. Except as provided in paragraphs b and c below, physical segregation of cash depositories for funds is not required nor are any eligibility requirements for cash depositories prescribed.

b. Any moneys advanced to a recipient which are subject to the control or regulation of the United States or any of its officers, agents, or employees' (public moneys as defined in Treasury Circular No. 176, as amended) must be deposited in a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage and the balance exceeding the FDIC coverage must be collaterally secured.

c. Consistent with the national goal of expanding the opportunities for minority business enterprises, recipients and subrecipients will be encouraged to use minority banks (a bank which is owned at least 50 percent by minority group members).

d. A separate bank account will be required when applicable letter-of-credit agreements provide the drawdowns will be made when the recipient's checks are presented to the bank for payment.

4-17. Performance (technical) reports

a. A final performance report will be required for each grant (see paragraph 3-7c). The report shall describe the research results achieved by the principal investigator and may require the following:

(1) A comparison of actual accomplishments with goals established.

(2) Reasons why established goals were not met.

(3) Other pertinent information as deemed appropriate.

b. Interim performance reports containing the information specified above will be submitted as follows:

(1) At the same frequency as the SF 289 (Financial Status Report) when that report is required; or

(2) As specified by the sponsoring agency but not more frequently than quarterly nor less frequently than annually when Financial Status Reports are not required.

4-18. Delegation of functions

The sponsoring agency will have the responsibility for performance of all administrative functions. The sponsoring agency may make use of other Government agencies to assist in the administration of research agreements subject to the following:

a. The agency to which the function is being delegated must agree to perform the function. Separate agreements for each project will not be required if a blanket agreement exists between the

agencies or if any agency has been designated to perform the function for all Department of Army agencies by other regulation, directive, or agreement (e.g., assignment of audit cognizance).

b. Delegation of the function will not impair or otherwise prove detrimental to the objectives of the research project or the sponsoring agency.

c. The function may be performed more efficiently by another agency (e.g., property administration may be performed more efficiently by an agency having a resident representative at the recipient's facility).

4-19. Monitoring management systems.

The grant agreement will require the recipient to maintain management systems meeting the standards prescribed in chapter 5. The management system standards prescribed in chapter 5 are similar in many respects to the requirements to be met under procurement contracts. Therefore, prospective recipients of grants who are performing under Government contracts will normally be found to have management systems conforming to the standards prescribed in chapter 5. While each sponsoring agency must make its own determination that a recipient's system does or does not meet the prescribed standards, this should be accomplished in such a manner that it does not place an undue burden upon the recipient or result in conflicting Government positions. In depth reviews of a recipient's management systems should be coordinated with other agencies having either grants or contracts with that recipient. The findings of such reviews will be made available to all other Federal agencies having grants or contracts with that recipient.

4-20. Distribution of grant documents

a. The grant agreement and correspondence pertaining to administration of the grant will be addressed to the business office of the recipient unless the recipient requests otherwise. Payments will be mailed to the address specified in the grant for that purpose.

b. A copy of the grant agreement and approved proposal will be furnished each agency to which authority to perform an administrative function has been delegated.

c. Changes or modifications to grant agreements will be distributed to all agencies which were furnished a copy of the grant agreement.

d. The executed grant agreement is an obligating document and is subject to the controls and distributions requirements of the AR 37 series and other applicable regulations which govern the administration of funds.

4-21. Patents, data, and copyrights

The agreement will contain provisions essentially as follows:

a. Patents.

(1) *Invention disclosures and reports.* The recipient will furnish the sponsoring agency a complete disclosure for each Subject Invention promptly after conception, or first actual reduction to practice, whichever occurs first in the course of or under the grant, but in any event prior to any sale, offer for sale, public use, or publication of the invention known to the recipient. Subject Invention means any invention or discovery conceived or first actually reduced to practice in the course of or under the grant and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country. A report listing all subject inventions or certifying that there were no such inventions, preferably on Form DD 882 (Report of Inventions and Subcontracts is required from the recipient upon completion of the grant and annually if the grant is not completed within 1 year.

(2) *Disposition of patent rights.* The Government will have the exclusive power to determine the disposition of the domestic and foreign rights in each Subject Invention. These rights will be determined in accordance with the President's Statement of Government Patent Policy of 23 August 1971 (36 Federal Register 16887, 26 August 1971). When it is determined that the Government will have

title to a Subject Invention, the recipient will assign to the Government upon request the entire right, title, and interest throughout the world in and to the Subject Invention, except as provided in (3) below. The Government may grant to the recipient upon request a revocable, nonexclusive, royalty-free license under all patents obtained by the Government.

(3) *Request for greater rights.* A request for a determination whether the recipient is entitled to retain greater rights than the nonexclusive license of (2) above must be submitted to the sponsoring agency at the time of first disclosing a Subject Invention or not later than 3 months thereafter (or such longer period authorized by the sponsoring agency for good cause shown in writing). The recipient will submit information as required by the sponsoring agency in support of the request, and each determination will be made in accordance with, and be subject to, the provisions of Policy Statement and such other conditions deemed appropriate by the sponsoring agency.

b. *Technical data.* The Government will have the unlimited right and license to publish, translate, reproduce, deliver, use, and dispose of all technical data, including reports, drawings, blueprints, and other technical information which are originated in the research under this grant, and to authorize others to do so. With respect to technical data which is not originated during the research, the recipient will give a similar license but only to the extent that the recipient and those in privity with the recipient have the right to give such license without paying compensation to others because of giving the license. At the time of delivering or reporting any such data, the recipient will make all reasonable effort to advise the sponsoring agency promptly and in reasonable written detail of all violations of proprietary rights, copyrights, or of all rights of privacy contained therein and of all portions of such data copied from work not composed or produced during the research and not licensed under this provision.

c. *Copyrights.* The author or the recipient organization is free to copyright any books, publications, or other copyrightable materials developed in the course of or under the grant. The sponsoring agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Government purposes and to authorize others to do so.

4-22. Property

The sponsoring agency shall include in the grant agreement, or otherwise make known to the recipients in writing, the following requirements concerning ownership, use and disposition of real, exempt, or other nonexpendable and expendable personal property purchased with grant funds and federally-owned nonexpendable personal property in the recipient's custody.

a. *Real property.* Title to real property will vest in the recipient subject to the condition that the recipient will use the real property for the authorized purpose of the grant, as long as needed. Approval will be obtained from the sponsoring agency for use of the real property in other projects when the recipient determines that the property is no longer needed for the purpose of the original project. Use in other projects will be limited to those under other Federally sponsored grants or programs that have purposes consistent with those authorized for support by the sponsoring agency. When the property is no longer needed as provided herein, the recipient will request disposition instructions from the sponsoring agency or the successor sponsoring agency. The following rules will be observed in the disposition instructions:

(1) The recipient may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original grant to the fair market value of the property.

(2) The recipient may be directed to sell the property under guidelines provided by the sponsoring agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original grant to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the recipient is authorized or required to sell the property, proper sales procedures

will be established that provide for competition to the extent practicable and result in the highest possible return.

(3) The recipient may be directed to transfer title of the property to the Federal Government provided that in such cases the recipient shall be entitled to compensation computed by applying the recipient's percentage of participation in the cost of the program or project to the current fair market value of the property.

b. Exempt and other nonexpendable personal property.

(1) The sponsoring agency—

(a) Will vest title to the recipient upon acquisition of all nonexpendable personal property with a unit acquisition cost of less than \$1,000 (exempt property).

(b) May vest title to the recipient upon acquisition of non-expendable personal property with a unit acquisition of \$1,000 or more without further obligation or accountability to the Federal Government (exempt property).

(c) May vest title to the recipient upon acquisition of non-expendable personal property with a unit acquisition cost of \$1,000 or more subject to a right of the sponsoring agency to transfer title to the Federal Government or an eligible third party named by the Federal Government (other nonexpendable property).

(2) When title is vested to the recipient pursuant to (1)(b) or (c), above, the recipient must agree, as a condition to taking title, that no charge will be made to the Federal Government for any depreciation, amortization or use charge with respect to any such equipment under any existing or future grant, contract, or other agreement.

(3) When title is vested to the recipient subject to (1)(c), above, the following standards will prevail:

(a) The property shall be identified in the grant or otherwise made known to the recipient in writing.

(b) The sponsoring agency will issue disposition instructions within 120 calendar days after the end of the grant.

(4) If the sponsoring agency fails to provide disposition instructions within the 120 calendar day period, the recipient will use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program, the recipient will use the property in connection with other federally sponsored activities in the following order of priority:

(a) Activities sponsored by the same Federal agency.

(b) Activities sponsored by other Federal agencies.

(5) During the time the property is held for use on the project or program for which it was acquired, the recipient will make it available for use on other projects or programs in the following order of priority provided such use will not interfere with the work on the project or program for which it was originally acquired:

(a) Other projects or programs by the sponsoring agency that financed the property.

(b) Projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use on other activities not sponsored by the Federal Government will be permitted if authorized in writing by the Federal Government. User charges may be assessed the recipient for such use if appropriate.

(6) When the recipient no longer needs the property as provided in (4) above, the property will be disposed of as follows:

(a) The recipient may retain the property for other uses provided that compensation is made to the original Federal sponsoring agency or its successor. The compensation will be computed by applying the percentage of Federal participation in the cost of the original grant under which the property was acquired to the current fair market value of the property.

(b) If the recipient has no need for the property and the property has no further use value, the recipient will request disposition instructions from the original sponsoring agency. The original sponsoring agency will determine whether the property can be used to meet the agency's requirements. If no requirements exist within that agency, the availability of the property will be reported to the General Services Administration by the Federal agency to determine whether a need for the property exists in other Federal agencies. The

sponsoring agency will issue disposition instructions to the recipient no later than 120 calendar days after the recipient's request and the following procedures will govern:

1. If so instructed, or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient will sell the property and reimburse the sponsoring agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original grant under which the property was purchased. The recipient will be permitted to retain from the Federal share \$100 or 10 percent of the proceeds, whichever is greater, for the recipients selling and handling expenses.

2. If the recipient is instructed to ship the property elsewhere, the recipient will be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the recipient's participation in the cost of the original grant under which the property was acquired to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

3. If the recipient is instructed to otherwise dispose of the property, the recipient will be reimbursed by the sponsoring agency or its successor for such costs incurred in its disposition.

(7) When the sponsoring agency exercises its right to take title, the property will be subject to the provisions for Federally-owned nonexpendable property set forth in paragraph *e*, below.

(8) When title is transferred either to the Federal Government or to a third party, the provisions of subparagraph(6)(b)2. will apply.

c. Expendable personal property. Title to expendable personal property will vest in the recipient upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant or other agreement, and the property is not needed for any other Federally sponsored project or program, the recipient will retain the property for use on non-Federally sponsored activities, or sell it, but must in either case, compensate the Federal Government for its share. The amount of compensation will be computed by applying the fair market value of the property the percentage of the Federal sponsoring agency's participation in the cost of the grant under which the expendable personal property was obtained.

d. Federally-owned nonexpendable personal property. Title to Federally-owned property (non-excess) remains vested in the Federal Government. Recipients will submit annually an inventory listing of Federally-owned property in their custody to the Federal sponsoring agency. Upon completion of the agreement, or when the property is no longer needed, the recipient will report the property to the Federal sponsoring agency for further agency utilization. If the Federal sponsoring agency has no further need for the property, it will be declared excess and reported to the General Services Administration. Appropriate disposition instructions will be issued to the recipient after completion of the Federal agency review.

4-23. Nondiscrimination

The grant shall contain provisions essentially as follows:

a. Employment. In connection with the performance of work under a grant, the recipient must agree not to discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin. This provision will include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

b. Educational institutions. Any educational institution that is also a recipient must agree not to discriminate on the basis of race, color, creed, sex, or national origin against any student in selection of personnel for graduate or technical work related to the research grant.

c. Access to source of information. Each recipient of a grant under this regulation will permit any person or persons designated by the grantor access during normal business hours to such books, records, accounts and other sources of information, and facilities as is reasonably necessary to ascertain compliance with the provisions of this paragraph and with Department of Defense Directive

4-24. Officials not to benefit

The grant will contain a provision essentially as follows: No member of or delegate to Congress, or resident Commissioner, will be admitted to any share or part of a grant, or to any benefit that may arise therefrom. This provision will not be construed to extend to a grant if made with a corporation for its general benefit.

4-25. Security

The grant will specify whether or not it authorizes access to classified security information in the conduct of the project. If authorized, compliance with appropriate security regulations is required. The recipient will also be required to immediately notify the sponsoring agency if, in the judgment of the principal investigator, information is being developed which should be classified.

4-26. Publication

The grant will include the following provisions:

a. Acknowledgement. An appropriate acknowledgement of Department of the Army and sponsoring agency support will be made in publications based on work aided by the Department of the Army. This also applies to news releases.

b. Publication of results of research. Copies of all publications resulting from the research will be forwarded to the sponsoring agency as they become available even though publications may in fact occur subsequent to the termination of the grant. Recipients will be encouraged to publish results of research, unless classified, in appropriate publications. Any publication by the recipient which may create a statutory bar to the issuance of a patent on any Subject Invention will be coordinated with appropriate patent counsel.

4-27. Clean air and water

If the grant provides for the expenditures of \$100,000 or more of Federal funds, the following provision will be included:

a. The recipient agrees as follows:

(1) To comply with all the requirements of section 114 of the Clean Air Act, as amended (42 U.S.C. 1857, et seq., as amended by Public Law 91-604 and section 308 of the Federal Water Pollution Control Act (33 U.S.C. 1251, as amended by Public Law 92-500), respectively, relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in section 114 and section 308 of the Air Act and the Water Act, respectively, and all regulations and guidelines issued thereunder before the award of this grant;

(2) That no portion of the work required by this grant will be performed in a facility listed on the Environmental Protection Agency List of Violating Facilities on the date this grant was awarded unless and until the EPA eliminates the name of such facility or facilities from such listing;

(3) To use his or her best efforts to comply with clean air standards and clean water standards at the facilities in which the grant is being performed; and

(4) To insert the substance of the provisions of this clause in any nonexempt subcontract, including this paragraph(4).

b. The terms used in this clause have the following meanings:

(1) The term "Air Act" means the Clean Air Act, as amended (42 U.S.C. 1857 et seq., as amended by Public Law 91-604).

(2) The term "Water Act" means Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq., as amended by Public Law 92-500).

(3) The term "clean air standards" means any enforceable rules, regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other requirements which are contained in, issued under, or otherwise adopted pursuant to the Air Act or Executive Order 11738, an applicable implementation plan as described in section 110(d) of the Clean Air Act (42 U.S.C. 1857(c)-5(d)), an approved implementation procedure or plan under section 111(c) or section 111(d), respectively, of the Air Act (42 U.S.C. 1857c-6(c)

or (d)), or an approved implementation procedure under section 112(d) of the Air Act (42 U.S.C. 1857c-7(d)).

(4) The term "clean water standards" means any enforceable limitation, control, conditions, prohibition, standard, or other requirement which is promulgated pursuant to the Water Act or contained in a permit issued to a discharger by the Environmental Protection Agency or by a State under an approved program, as authorized by section 402 of the Water Act (33 U.S.C. 1342), or by a local government to ensure compliance with pretreatment regulations as required by section 307 of the Water Act (33 U.S.C. 1317).

(5) The term "compliance" means compliance with clean air or water standards. Compliance will also mean compliance with a schedule or plan ordered or approved by a court of competent jurisdiction, the Environmental Protection Agency or an air or water pollution control agency in accordance with the requirement of the Air Act or Water Act and regulations issued pursuant thereto.

(6) The term "facility" means any building, plant, installation, structure, mine, vessel or other floating craft, location or site of operations, owned, leased, or supervised by a recipient or subcontractor, to be utilized in the performance of a grant, or subcontract. Where a location on site of operations contains or includes more than one building, plant, installation, or structure, the entire location or site shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

(7) The term "nonexempt grant or subcontract" means a grant or subcontract of more than \$100,000 which is not otherwise exempted pursuant to the EPA regulations implementing the Air Act and Water Act (40 CFR 15.5), as further implemented in ASPR 1-2302.4 and the procedures of the Department awarding the grant.

4-28. Changes

Any changes in the terms and conditions specified in the agreement will be made by a written modification to the agreement, signed by both the authorized recipient representative and the grant officer. The grant officer will obtain the concurrence of the project officer prior to making any changes not initiated by the project officer. Modifications to grant agreements which provide additional funds pursuant to incremental funding provisions set forth in the agreement or changes in accounting classifications are not considered changes.

4-29. Dispute

a. Disagreements regarding matters of fact between the recipient and the sponsoring agency which arise during performance of the grant will be resolved by negotiation to the maximum extent practicable. If agreement cannot be reached after a reasonable attempt, the grant officer will reduce his/her final decision to writing and mail or otherwise furnish it to the recipient.

b. A final decision will include a statement that it is the final decision of the grant officer and advise the recipient of its right to appeal within 30 days after receipt of such notification. Final decisions will be coordinated with the project officer to ensure technical accuracy and be reviewed for legal sufficiency by a staff judge advocate or other legal counsel prior to forwarding to the recipient.

c. Within 30 days after receipt of notification that a recipient has filed an appeal, the sponsoring agency will forward to the Deputy Chief of Staff for Research, Development, and Acquisition an administrative report reflecting the agency's position. The administrative report will include a statement by the grant officer summarizing the basis for the final decision and addressing those issues set forth in the appeal. It will also include copies of any pertinent documents such as audit reports, project officer's recommendations, and legal opinions. A decision by the Deputy Chief of Staff for Research, Development, and Acquisition will be final and not subject to any further administrative appeal.

4-30. Suspension and termination

a. General. When a recipient has failed to comply with the terms of the grant agreement, the sponsoring agency may, upon reasonable

notice to the recipient, temporarily suspend sponsorship under the grant, withhold further payments and prohibit the recipient from incurring additional obligations of funds pending corrective action by the recipient or a decision to terminate by the sponsor. The grant officer shall notify the recipient in writing of any such suspension specifying the effective date of the suspension, the reason for the suspension, and where practicable, the duration of the suspension. The sponsoring agency shall allow all necessary and proper costs which the recipient could not reasonably avoid during the period of suspension provided that they are in accordance with applicable cost principles.

b. Termination for cause. The Federal sponsoring agency may reserve the right to terminate any grant in whole or in part at any time before the date of completion, whenever it is determined that the recipient has failed to comply with the conditions of the agreement. The Federal sponsoring agency will promptly notify the recipient in writing of the determination and the reasons for the termination, together with the effective date. Payments made to recipients or recoveries by the sponsoring agencies under grants terminated for cause will be in accordance with the legal rights and liabilities of the parties.

c. Termination for convenience. The Federal sponsoring agency or recipient may terminate grants in whole or in part when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date, and, in the case of partial terminations, the portion to be terminated. The recipient will not incur new obligations for the terminated portion after the effective date, and will cancel as many outstanding obligations as possible. The Federal sponsoring agency will allow full credit to the recipient for the Federal share of the noncancellable obligations, properly incurred by the recipient prior to termination.

4-31. Final project cost

The agreement will specify that allowability of final costs will be subject to Parts 2 and 3, Section XV of the ASPR. The method to be used in calculating the recipient's and the sponsoring agency's share of final project costs will be identified in the grant agreement.

4-32. Grantee release and assignment of refunds, rebates, credits, and other amounts

The sponsoring agency will require the recipients to submit these reports not later than ninety (90) days after completion of each grant. Suggested formats and contents for the reports are shown in figures 4-4 and 4-5.

4-33. Grant closeout

The sponsoring agency will obtain from the recipient within 90 calendar days after the date of completion of the grant all financial, performance, and other reports required as the condition of the grant. The agency may grant extensions when requested by the recipient.

a. When authorized by the grant, the sponsoring agency will make a settlement for any upward or downward adjustments to the Federal share of costs after these reports are received.

b. Upon request, the sponsoring agency will make prompt payments to a recipient for allowable reimbursable costs under the grant or other agreement being closed out.

c. The recipient will immediately refund any balance of unobligated (unencumbered) cash that the sponsoring agency has advanced or paid.

d. The recipient will account for any property acquired with Federal funds, or received from the Government in accordance with the provisions of chapter 5, Property Management Standards.

e. In the event a final audit has not been performed prior to the closeout of the grant, the sponsoring agency will retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

4-34. Record retention

a. Recipients will retain records pertaining to grants in accordance with the requirements specified below. The requirements will also apply to subrecipients.

b. Financial records, supporting documents, statistical records, and all other records pertinent to an agreement will be retained for a period of 3 years, with the following qualifications:

(1) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records will be retained until all litigations, claims, or audit findings involving the records have been resolved.

(2) Records for nonexpendable property acquired with Federal funds will be retained for 3 years after its final disposition.

(3) When records are transferred to or maintained by the sponsoring agency, the 3-year retention requirement is not applicable to the recipient.

c. The retention period starts from the date of the submission of the final expenditure report or, for grants that are renewed annually, from the date of the submission of the annual financial status report.

d. Recipient organizations should be authorized by the sponsoring agency, if they so desire, to substitute microfilm copies in lieu of original records.

e. The sponsoring agency will request transfer of certain records to its custody from recipient organizations when it is determined that the records possess long-term retention value. However, in order to avoid duplicate record-keeping, a sponsoring agency may make arrangements with recipient organizations to retain any records that are continuously needed for joint use.

f. The head of the sponsoring agency and the Comptroller General of the United States, or any of their duly authorized representatives, will have access to any pertinent books, documents, papers, and records of the recipient organization and their subrecipients to make audits, examinations, excerpts and transcripts.

4-35. Other provisions

The grant will also include any other provisions required by law or executive order as of the date the grant is executed by the grant officer.

Chapter 5 Recipient Management Standards

5-1. General

a. All grant agreements will include a provision requiring recipients to maintain management systems meeting the standards prescribed herein. Sponsoring agencies will not impose any requirements or standards upon recipients other than described in this regulation except as provided in *b* and *c* below, or as required by statute.

b. Application of requirements or standards other than those prescribed in this regulation requires prior approval of the Office of Management and Budget. Requests for exceptions will be forwarded through appropriate channels to the Deputy Chief of Staff for Research, Development, and Acquisition who will determine the necessity for the exception and, when justified, obtain approval for the exception from the Office of Management and Budget. In the interest of maximum uniformity, exceptions will be permitted only in unusual cases.

c. If a recipient has a history of poor performance, is not financially stable, or its management system does not meet the standards prescribed herein, the sponsoring agency may impose additional requirements as needed provided that the recipient is notified in writing as to—

- (1) Why the additional standards are being imposed;
- (2) What corrective action is needed.

5-2. Financial management

Recipient's financial management systems will provide for—

- a. Accurate, current, and complete disclosure of the financial results of each research grant.
- b. Records that identify adequately the source and application of funds for each research grant. These records will contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, and income.
- c. Effective control over and accountability for all funds, property, and other assets. Recipients will adequately safeguard all such assets and will ensure that they are used solely for authorized purposes.
- d. Comparison of actual outlays with budget amounts for each grant.
- e. Procedures to minimize the time elapsing between the transfer of funds from the US Treasury and the disbursement by the recipient, whenever funds are advanced by the sponsoring agency. When advances are made by letter-of-credit method, the recipient will make drawdowns as close as possible to the time of making disbursements.
- f. Procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the ASPR, Section XV, Parts 2 and 3, and the terms of the grant.
- g. Accounting records that are supported by source documentation.
- h. Examinations in the form of audits or internal audits. Such audits will be made by qualified individuals who are sufficiently independent of those who authorize the expenditure of Federal funds, to produce unbiased opinions, conclusions, or judgments. They will meet the independence criteria along the lines of Chapter 3, Part 3 of the US General Accounting Office publication, standards for Audit of Governmental Organizations, Programs, Activities and Functions. These examinations are intended to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the agreements. It is not intended that each agreement awarded to the recipient be examined. Generally, examinations should be conducted on an organization-wide basis to test the fiscal integrity of financial transactions, as well as compliance with the terms and conditions of the Federal grants and other agreements. Such tests would include an appropriate sampling of Federal agreements. Examinations will be conducted with reasonable frequency, on a continuing basis or at scheduled intervals, usually annually, but not less frequently than every 2 years. The frequency of these examinations will depend upon the nature, size, and the complexity of the activity. These examinations do not relieve Federal agencies of their audit responsibilities, but may affect the frequency and scope of such audits.
- i. A systematic method to ensure timely and appropriate resolution of audit findings and recommendations.

5-3. Property management standards for nonexpendable property.

The recipient's property management standards for nonexpendable personal property will include the following procedural requirement:

- a. Property records will be maintained accurately and will include—
 - (1) A description of the property.
 - (2) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
 - (3) Source of the property, including grant or other agreement number.
 - (4) Whether title vests in the recipient or the Federal Government.
 - (5) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.
 - (6) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government.)

(7) Location, use, and condition of the property and the date the information was reported.

(8) Unit acquisition cost.

(9) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the sponsoring agency for its share.

b. Property owned by the Federal Government must be marked to indicate Federal ownership.

c. A physical inventory of property will be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records will be investigated to determine the causes of the difference. The recipient will in connection with the inventory, verify the existence, current utilization, and continued need for the property.

d. A control system will be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property will be investigated and fully documented; if the property was owned by the Federal Government, the recipient will promptly notify the sponsoring agency.

e. Adequate maintenance procedures will be implemented to keep the property in good condition.

f. Where the recipient is authorized or required to sell the property, proper sales procedures will be established which would provide for competition to the extent practicable and result in the highest possible return.

5-4. Procurement standards

a. Recipients will use the following prescribed standards in establishing procedures for the procurement, either by contract or subgrant, of supplies, equipment and services with Federal funds. These standards are prescribed to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable law and executive orders.

b. The standards contained herein do not relieve the recipient of the responsibilities arising under its procurements. The recipient is the responsible authority, without recourse to the sponsoring agency, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements awarded under a grant. This includes disputes, claims, protests of award, source evaluation, or other matters of a contractual nature. Matters concerning violation of law are to be referred to such local, State, or Federal authority as may have proper jurisdiction.

c. Recipients may use their own procurement policies and procedures. However, all recipients will adhere to the standards set forth in paragraphs *c* and *d*.

(1) The recipient will maintain a code or standards of conduct that will govern the performance of its officers, employees, or agents engaged in the awarding and administration of procurements using Federal funds. No employee, officer, or agent will participate in the selection, award, or administration of a procurement in which Federal funds are used, where, to his/her knowledge, he or his immediate family, partners, or organization in which he or his immediate family or partner has a financial interest or with whom he is negotiating or has any arrangement concerning prospective employment. The recipient's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or potential contractors. Such standards will provide for disciplinary actions to be applied for violations of such standards by the recipients' officers, employees, or agents.

(2) All procurement transactions will be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient should be alert to organizational conflicts of interest or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective performance and eliminate unfair competitive advantage, contractors or subrecipients that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals should be excluded from competing for such procurements. Awards will be made to the bidder/offeror whose bid/

offer is responsive to the solicitation and is most advantageous to the recipient, price and other factors considered. Solicitations will clearly set forth all requirements that the bidder/offeror must fulfill in order for his/her bid/offer to be evaluated by the recipient. Any and all bids/offers may be rejected when it is in the recipient's interest to do so.

(3) All recipients will establish procurement procedures that provide for, at a minimum, the following procedural requirements:

(a) Proposed procurement actions will follow a procedure to ensure the avoidance of purchasing unnecessary or duplicative items. Where appropriate, an analysis will be made of lease and purchase alternatives to determine which would be the most economical, practical procurement.

(b) Solicitations for goods and services will be based upon a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such a description will not, in competitive procurements, contain features which unduly restrict competition. "Brand name or equal" descriptions may be used as a means to define the performance or other salient requirements of a procurement, and when so used the specific features of the named brand which must be met by bidders/offerors will be clearly specified.

(c) Positive efforts will be made by the recipients to utilize small business and minority-owned business sources of supplies and services. Such efforts should allow these sources the maximum feasible opportunity to compete for procurements utilizing Federal funds.

(d) The type of procuring instruments used, e.g., fixed price contracts, cost reimbursable contracts, purchase orders, incentive contracts, will be determined by the recipient but must be appropriate for the particular procurement and for promoting the best interest of the program involved. The "cost-plus-a-percentage-of-cost" method of contracting will not be used.

(e) Procurements will be made only with responsible contractors or subrecipients who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

(f) All proposed sole source procurements or where only one bid or proposal is received in which the aggregate expenditure is expected to exceed \$5,000 will be subject to prior approval at the discretion of the sponsoring agency.

(g) Some form of price or cost analysis should be made in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

(h) Procurement records and files for purchases in excess of \$10,000 will include the following:

1. Basis of selection;
2. Justification for lack of competition when competitive bids or offers are not obtained;
3. Basis for award costs or price.
4. A system for administration shall be maintained to ensure conformance with terms, conditions, and specifications of the procurement, and to ensure adequate and timely follow-up of all purchases.

d. The recipient will include, in addition to provisions to define a sound and complete agreement, the following provisions in all procurements awarded under the grant.

(1) Procurement in excess of \$10,000 will contain provisions or conditions that will allow for administrative, contractual, or legal remedies in instances in which contractors or subrecipients violate or breach contract terms, and provide for such remedial actions as may be appropriate.

(2) All procurements in excess of \$10,000 will contain suitable

provisions for termination by the recipient including the manner by which termination will be effected and the basis for settlement. In addition, such procurements will describe conditions under which the agreement may be terminated for default as well as conditions where the agreement may be terminated because of circumstances beyond the control of the contractor or subrecipient.

(3) All procurements awarded by recipients and their contractors or subrecipients having a value of more than \$10,000, will contain a provision requiring compliance with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR, Part 60).

(4) Procurements, the principal purpose of which is to create, develop or improve products, processes or methods; or for exploration into fields that directly concern public health, safety, or welfare; or awards in the field of science or technology in which there has been little significant experience outside of work funded by Federal assistance, will contain a notice to the effect that matters regarding rights to inventions and materials generated under these procurements are subject to the regulations issued by the sponsoring agency and the recipient. The contractor or subrecipient will be advised as to the source of additional information regarding these matters.

(5) All negotiated procurements (except those of \$10,000 or less) awarded by recipients will include a provision to the effect that the recipient, the sponsoring agency, the Comptroller General of the United States, or any of their duly authorized representatives, will have access to any books, documents, papers, and records of the contractor or subrecipient which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

(6) Contracts and subgrants of amounts in excess of \$100,000 will contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act of 1970 (42 U.S.C. 1857 et seq.) and the Federal Water Pollution Control act (33 U.S.C. 1251 et seq.) as amended. Violations will be reported to the Federal sponsoring agency and the Regional Office of the Environmental Protection Agency.

5-5. Performance monitoring

Recipients will maintain a system for monitoring performance under each grant in accordance with the following:

a. Recipients will monitor the performance under grants and, where appropriate, ensure that time schedules are being met and other performance goals, if any, are being achieved. This review will be made for each program, function, or activity of each grant as set forth in the approved award document.

b. From time to time events may occur that have significant impact upon the project or program. In such instances, the recipient will inform the sponsoring agency as soon as the following types of conditions become known:

(1) Problems, delays, or adverse conditions that will materially affect the ability to attain program objectives or prevent the meeting of time schedules and goals. This disclosure will be accompanied by a statement of the action taken, or contemplated, and any Federal assistance needed to resolve the situation.

(2) Favorable developments or events that enable time schedules to be met sooner than anticipated.

c. If any performance review conducted by the recipient discloses the need for change in the budget estimates in accordance with the criteria set forth in paragraph 4-11, the recipient will submit a letter of request or budget revision.

GRANT AGREEMENT

GRANT NO.		EFFECTIVE DATE	AMOUNT	PAGE 1 OF ____
PROJECT NO. AND TITLE			PRINCIPAL INVESTIGATOR	
PERFORMANCE PERIOD				
AWARDED BY:			ADMINISTERED BY:	
AWARDED TO:			MAIL PAYMENTS TO:	
SCHEDULE OF PAYMENTS			ACCOUNTING AND APPROPRIATION DATA	
BY _____ SIGNATURE			UNITED STATES OF AMERICA BY _____	
NAME AND TITLE	DATE	NAME OF GRANT OFFICER	DATE	

This grant is awarded pursuant to P.L. 85-934 (72 Stat. 1793)

Figure 1-1. Suggested Format for Grant Agreement.

FINANCIAL PLAN

RECIPIENT: ABC University

RESEARCH TITLE: Investigation of Solution Epitaxial Growth and High Field Electronic Properties of Indium Phosphide

INVESTIGATOR(S): Drs. James A. Smith and William J. Blake

PROPOSED PERIOD: 10 April 1977 through 9 April 1980

Forecast Project Costs:	Year 1	Year 2	Year 3
1. Salaries and Wages:			
a. Faculty Salaries:			
Co-Principal Investigators:			
J. A. Smith:			
(2 mos. AY @ 50%, \$3,500			
mo.; \$3,675 mo. and \$3,859			
mo.)	\$ 3,500	\$ 3,675	\$ 3,859
(3 mos. summer, @ 100%,			
\$3,500 mo.; \$3,675 mo.			
and \$3,859 mo.)	10,500	11,025	11,577
W. J. Blake:			
(4 mos. AY @ 50%, \$3,000			
mo. \$3,150 mo. and \$3,308			
mo.)	6,000	6,300	6,616
b. Non-Faculty Salaries:			
Two (2) Grad. Assistants			
(50%, AY, @ \$450 mo.)	2,025	2,025	2,025
One (1) Secretary (10%, AY,			
5% summer, \$400 mo.)	480	480	480
Total Salaries and Wages	\$22,505	\$23,505	\$24,557
2. Fringe Benefits (20.5% x \$20,480;			
\$21,480 and \$22,532)—Fixed through			
30 June 1977 and provisional there-			
after	4,198	4,403	4,619
3. Expendable Supplies and Materials:			
Miscellaneous items	500	500	500
4. Permanent Equipment: Oscilloscope	2,500	-0-	-0-
5. Domestic Travel: (Attend conference			
in New York City)	500	-0-	-0-
6. Publications	250	250	400
7. Consulting Service:			
Dr. A. J. Hall, XYZ University:			
Travel — \$215			
Per Diem 5 days @ \$30 - \$150			
Fee—5 days @ \$100 \$500	865	-0-	-0-

Figure 3-1. Suggested Format for Financial Plan.

	Year 1	Year 2	Year 3
8. Other Direct Cost: Computer time (1.5 hrs. @ \$500/hr.)	750	750	750
9. Indirect Costs (70%, S&W) Rate is fixed through 30 Jun 77 and provisional thereafter	<u>\$15,753</u>	<u>\$16,454</u>	<u>\$17,190</u>
10. TOTAL PROJECT COST	<u>\$47,821</u>	<u>\$45,862</u>	<u>\$48,016</u>

Source of Project Costs:	Year 1	Year 2	Year 3	Total
1. Army Research Office	\$40,000(83.8%)	\$40,000(87.2%)	\$40,000(83.3%)	\$120,000(84.7%)
2. ABC University	<u>7,721(16.2%)</u>	<u>5,862(12.8%)</u>	<u>8,016(16.7%)</u>	<u>21,599(15.3%)</u>
	<u>\$47,721(100%)</u>	<u>\$45,862(100%)</u>	<u>\$48,016(100%)</u>	<u>\$141,599(100%)</u>

OTHER RESEARCH PROJECTS OF INVESTIGATOR(S)

- Names of other possible sponsors to which the pending ARO proposal was sent: The pending ARO proposal was also submitted to the Office of Naval Research. If the proposal is accepted by ARO, ONR will be advised that the proposal to them is withdrawn.
- Active research projects and pending proposals of the investigator(s) (Federal and non-Federal) outside his or her organization: (Identify by title, sponsor(s), direct labor hours or percentage of time of investigator(s), funds per year and performance period)

	<u>J. A. Smith</u>		<u>W. J. Blake</u>	
	AY	Smr	AY	Smr
a. Current Projects: "Advanced Solid State Microwave Techniques," ONR, \$50,000, 1 Sep. 76—31 Aug. 77	25%	0%	75%	0%
b. Other Pending Proposals: None				
3. Other research, teaching, and administrative duties: (Include percentages of time devoted to each)				
Available for sponsored research	40%	100%	50%	100%
Available for Teaching	50%	0%	50%	0%
Administrative (chair various committees)	<u>10%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
TOTAL	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Figure 3-1. Continued.

FINANCIAL STATUS REPORT <small>(Follow instructions on the back)</small>		1. FEDERAL AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH REPORT IS SUBMITTED		2. FEDERAL AGENCY OR OTHER IDENTIFYING NUMBER		3. FEDERAL AGENCY OR OTHER IDENTIFYING NUMBER		4. EMPLOYER IDENTIFICATION NUMBER		5. RECIPIENT ACCOUNT NUMBER OR IDENTIFYING NUMBER		6. FINAL REPORT		7. BARS		8. CASH		9. ACCRUAL	
		FROM (Month, day, year)		TO (Month, day, year)		FROM (Month, day, year)		TO (Month, day, year)		PERIOD COVERED BY THIS REPORT		YES <input type="checkbox"/> NO <input type="checkbox"/>		YES <input type="checkbox"/> NO <input type="checkbox"/>		YES <input type="checkbox"/> NO <input type="checkbox"/>		YES <input type="checkbox"/> NO <input type="checkbox"/>	
3. RECIPIENT ORGANIZATION (Name and complete address, including ZIP code)																			
10. PROGRAMS/FUNCTIONS/ACTIVITIES ▶		(a)		(b)		(c)		(d)		(e)		(f)		(g)		(h)		(i)	
a. Net outlays previously reported		\$		\$		\$		\$		\$		\$		\$		\$		\$	
b. Total outlays this report period																			
c. Less: Program income credits																			
d. Net outlays this report period (Line a minus line c)																			
e. Net outlays to date (Line a plus line d)																			
f. Less: Non-Federal share of outlays																			
g. Total Federal share of outlays (Line e minus line f)																			
h. Total unliquidated obligations																			
i. Less: Non-Federal share of unliquidated obligations shown on line h																			
j. Federal share of unliquidated obligations																			
k. Total Federal share of outlays and unliquidated obligations																			
l. Total cumulative amount of Federal funds authorized																			
m. Unobligated balance of Federal funds																			
11. INDIRECT EXPENSE		a. TYPE OF RATE (Place "X" in appropriate box)		b. RATE		c. BASE		d. TOTAL AMOUNT		e. FEDERAL SHARE		f. FIXED		g. FINAL		h. DATE REPORT SUBMITTED		i. TELEPHONE (Area code, number and extension)	
12. REMARKS: Attach any explanations deemed necessary or information required by Federal reporting agency in compliance with preceding regulation																			

Figure 4-1.

INSTRUCTIONS

Please type or print legibly. Items 1, 2, 3, 6, 7, 9, 10d, 10e, 10g, 10i, 10l, 11a, and 12 are self-explanatory. Specific instructions for other items are as follows:

Item	Entry	Item	Entry
4	Enter the employer identification number assigned by the U.S. Internal Revenue Service or FICE (institution) code, if required by the Federal sponsoring agency.	10c	Enter the amount of all program income realized in this period that is required by the terms and conditions of the Federal award to be deducted from total project costs. For reports prepared on a cash basis, enter the amount of cash income received during the reporting period. For reports prepared on an accrual basis, enter the amount of income earned since the beginning of the reporting period. When the terms or conditions allow program income to be added to the total award, explain in remarks, the source, amount and disposition of the income.
5	This space is reserved for an account number or other identifying numbers that may be assigned by the recipient.	10d	Enter amount pertaining to the non-Federal share of program outlays included in the amount on line e.
8	Enter the month, day, and year of the beginning and ending of this project period. For formula grants that are not awarded on a project basis, show the grant period.	10h	Enter total amount of unliquidated obligations for this project or program, including unliquidated obligations to subgrantees and contractors. Unliquidated obligations are: Cash basis—obligations incurred but not paid; Accrued expenditure basis—obligations incurred but for which an outlay has not been recorded. Do not include any amounts that have been included on lines a through g. On the final report, line h should have a zero balance.
10	The purpose of vertical columns (a) through (f) is to provide financial data for each program, function, and activity in the budget as approved by the Federal sponsoring agency. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the totals of all programs, functions or activities should be shown in column (g) of the first page. For agreements pertaining to several Catalog of Federal Domestic Assistance programs that do not require a further functional or activity classification breakdown, enter under column (a) through (f) the title of the program. For grants or other assistance agreements containing multiple programs where one or more programs require a further breakdown by function or activity, use a separate form for each program showing the applicable functions or activities in the separate columns. For grants or other assistance agreements containing several functions or activities which are funded from several programs, prepare a separate form for each activity or function when requested by the Federal sponsoring agency.	10j	Enter the Federal share of unliquidated obligations shown on line h. The amount shown on this line should be the difference between the amounts on lines h and i.
10a	Enter the net outlay. This amount should be the same as the amount reported in Line 10e of the last report. If there has been an adjustment to the amount shown previously, please attach explanation. Show zero if this is the initial report.	10k	Enter the sum of the amounts shown on lines g and j. If the report is final the report should not contain any unliquidated obligations.
10b	Enter the total gross program outlays (less rebates, refunds, and other discounts) for this report period, including disbursements of cash realized as program income. For reports that are prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contractors, subgrantees, and other payees.	10m	Enter the unobligated balance of Federal funds. This amount should be the difference between lines k and l.
		11b	Enter rate in effect during the reporting period.
		11c	Enter amount of the base to which the rate was applied.
		11d	Enter total amount of indirect cost charged during the report period.
		11e	Enter amount of the Federal share charged during the report period. If more than one rate was applied during the project period, include a separate schedule showing bases against which the indirect cost rates were applied, the respective indirect rates the month, day, and year the indirect rates were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

STANDARD FORM 289 (BACK) (7-76)

Figure 4-1. Continued.

FEDERAL CASH TRANSACTIONS REPORT				Approved by Office of Management and Budget, No. 80-RO182		
(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)				1. Federal sponsoring agency and organizational element to which this report is submitted		
2. RECIPIENT ORGANIZATION				4. Federal grant or other identification number		
Name :				5. Recipient's account number or identifying number		
Number and Street :				6. Letter of credit number		
City, State and ZIP Code :				7. Last payment voucher number		
3. FEDERAL EMPLOYER IDENTIFICATION NO.				Give total number for this period		
				8. Payment Vouchers credited to your account		
				9. Treasury checks received (whether or not deposited)		
10. PERIOD COVERED BY THIS REPORT				FROM (month, day, year)		
				TO (month, day, year)		
11. STATUS OF FEDERAL CASH (See specific instructions on the back)				a. Cash on hand beginning of reporting period		
				b. Letter of credit withdrawals		
				c. Treasury check payments		
				d. Total receipts (Sum of lines b and c)		
				e. Total cash available (Sum of lines a and d)		
				f. Gross disbursements		
				g. Federal share of program income		
				h. Net disbursements (Line f minus line g)		
				i. Adjustments of prior periods		
				j. Cash on hand end of period		
12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING Days				13. OTHER INFORMATION		
				a. Interest income		
				b. Advances to subgrantees or subcontractors		
14. REMARKS (Attach additional sheets of plain paper, if more space is required)						
15. CERTIFICATION						
I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement	AUTHORIZED CERTIFYING OFFICIAL	SIGNATURE			DATE REPORT SUBMITTED	
		TYPED OR PRINTED NAME AND TITLE				
		TELEPHONE (Area Code) (Number) (Extension)				
		THIS SPACE FOR AGENCY USE				

STANDARD FORM 272 (7-76)
Prescribed by Office of Management and Budget
CIRCULAR NO. A-110

Figure 4-2.

INSTRUCTIONS

Please type or print legibly. Items 1, 2, 8, 9, 10, 11d, 11e, 11h, and 15 are self explanatory, specific instructions for other items are as follows:

Item	Entry	Entry	Item
3	Enter employer identification number assigned by the U.S. Internal Revenue Service or the FICE (Institution) code. If this report covers more than one grant or other agreement, leave items 4 and 5 blank and provide the information on Standard Form 272-A, Report of Federal Cash Transactions—Continued; otherwise:		employees's share of benefits if treated as a direct cost, interdepartmental charges for supplies and services, and the amount to which the recipient is entitled for indirect costs.
4	Enter Federal grant number, agreement number, or other identifying numbers if requested by sponsoring agency.	11g	Enter the Federal share of program income that was required to be used on the project or program by the terms of the grant or agreement.
5	This space reserved for an account number or other identifying number that may be assigned by the recipient.	11i	Enter the amount of all adjustments pertaining to prior periods affecting the ending balance that have not been included in any lines above. Identify each grant or agreement for which adjustment was made, and enter an explanation for each adjustment under "Remarks." Use plain sheets of paper if additional space is required.
6	Enter the letter of credit number that applies to this report. If all advances were made by Treasury check, enter "NA" for not applicable and leave items 7 and 8 blank.	11j	Enter the total amount of Federal cash on hand at the end of the reporting period. This amount should include all funds on deposit, imprest funds, and undeposited funds (line e, less line h, plus or minus line i).
7	Enter the voucher number of the last letter-of-credit payment voucher (Form TUS 5401) that was credited to your account.	12	Enter the estimated number of days until the cash on hand, shown on line 11j, will be expended. If more than three days cash requirements are on hand, provide an explanation under "Remarks" as to why the drawdown was made prematurely, or other reasons for the excess cash. The requirement for the explanation does not apply to prescheduled or automatic advances.
11a	Enter the total amount of Federal cash on hand at the beginning of the reporting period including all of the Federal funds on deposit, imprest funds, and undeposited Treasury checks.	13a	Enter the amount of interest earned on advances of Federal funds but not remitted to the Federal agency. If this includes any amount earned and not remitted to the Federal sponsoring agency for over 60 days, explain under "Remarks." Do not report interest earned on advances to States.
11b	Enter total amount of Federal funds received through payment vouchers (Form TUS 5401) that were credited to your account during the reporting period.	13b	Enter amount of advance to secondary recipients included in item 11h.
11c	Enter the total amount of all Federal funds received during the reporting period through Treasury checks, whether or not deposited.	14	In addition to providing explanations as required above, give additional explanation deemed necessary by the recipient and for information required by the Federal sponsoring agency in compliance with governing legislation. Use plain sheets of paper if additional space is required.
11f	Enter the total Federal cash disbursements, made during the reporting period, including cash received as program income. Disbursements as used here also include the amount of advances and payments less refunds to subgrantees or contractors, the gross amount of direct salaries and wages, including the		

STANDARD FORM 272 (SACIO (7-76)

Figure 4-2. Continued.

REQUEST FOR ADVANCE OR REIMBURSEMENT		Approved by Office of Management and Budget, No. BO-RO183		PAGE OF PAGES	
(See instructions on back) 6. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED		1. TYPE OF PAYMENT REQUESTED a. "X" one, or both boxes <input type="checkbox"/> ADVANCE <input type="checkbox"/> REIMBURSEMENT b. "X" the applicable box <input type="checkbox"/> FINAL <input type="checkbox"/> PARTIAL		2. BASIS OF REQUEST <input type="checkbox"/> CASH <input type="checkbox"/> ACCRUAL	
7. EMPLOYER IDENTIFICATION NUMBER		4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY		3. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST	
8. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER		9. PERIOD COVERED BY THIS REQUEST FROM (month, day, year) TO (month, day, year)			
10. RECIPIENT ORGANIZATION Name Number and Street City, State and ZIP Code:		11. PAYEE (Where checks to be sent to different than item 9) Name Number and Street City, State and ZIP Code:			
12. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED					
PROGRAMS/FUNCTIONS/ACTIVITIES ➤	(a)	(b)	(c)	TOTAL	
a. Total program outlays to date (As of date)	\$	\$	\$	\$	
b. Less: Cumulative program income					
c. Net program outlays (Line a minus line b)					
d. Estimated net cash outlays for advance period					
e. Total (Sum of lines c & d)					
f. Non-Federal share of amount on line e					
g. Federal share of amount on line e					
h. Federal payments previously requested					
i. Federal share now requested (Line g minus line h)					
j. Advances required by 1st month when requested by Federal grantor agency for use in making pre-scheduled advances					
13. ALTERNATE COMPUTATION FOR ADVANCES ONLY					
a. Estimated Federal cash outlays that will be made during period covered by the advance				\$	
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period					
c. Amount requested (Line a minus line b)				\$	
14. CERTIFICATION					
I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.		SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL		DATE REQUEST SUBMITTED	
		TYPED OR PRINTED NAME AND TITLE			
		TELEPHONE Area Code Number Extension			
This space for agency use					

27b-101

STANDARD FORM 270 (7-76)
Prescribed by Office of Management and Budget
CIRCULAR NO. A-110

Figure 4-3.

INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11c, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

Item	Entry	Item	Entry
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.		use as many additional forms as needed and indicate page number in space provided in upper right corner. The summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.	11a	Enter in "as of date", the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contractors, subgrantees and other payees.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.	11b	Enter the cumulative cash income received to date. If requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.	11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.	13	Complete the certification before submitting this request.
<p>Note: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.</p>			
11	The purpose of the vertical columns (a), (b), and (c), is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed,		

STANDARD FORM 270 (BACK (7-70)

Figure 4-3. Continued.

GRANTEE'S RELEASE

In consideration of the sum of _____ (\$ _____) which has been paid under the said grant to _____ (hereafter called the Grantee) or its assignees, if any, the Grantee, upon payment of the said sum by the Department of the Army (hereafter called the Government), does remise, release, and forever discharge the Government, its officers, agents, and employees, of and from all liabilities, obligations, claims, and demands whatsoever under or arising from the said grant, except:

Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the Grantee, as follows:

The Grantee agrees, in connection with claims which are not released as set forth above, that it will comply with all the provisions of the said grant, including without limitations whose provisions relating to notification to the Grantor and relating to the defense or prosecution of litigation.

The Grantee further agrees, pursuant to the audit and accounting provisions of the grant, that the amount of any sustained audit exceptions resulting from any subsequent audit by the cognizant audit activity will be refunded to the Federal Government. The refund, if any, will be made within thirty (30) days after the exception has been ratified.

In Witness whereof, this release has been executed this _____ day of _____ 19____

(Name of Organization) By: _____
(Name and Title)

C E R T I F I C A T E

I, _____, certify that I am the _____ of the _____, named as Grantee in the foregoing release, that _____ who signed said release on behalf of the Grantee had the authority to do so, and that said release was duly signed for and on behalf of said Grantee by authority of its governing body and is within the scope of its powers.

SEAL

(Name and Title)

Figure 4-4. Suggested Format for Grantee's Release.

GRANTEE'S ASSIGNMENT OF REFUNDS, REBATES, AND CREDITS

In consideration of the reimbursement of costs as provided for in said Grant and any assigned thereunder, _____ (hereafter called the Grantee) does hereby:

- (1) Assign, transfer, set over and release to the Department of the Army (hereafter called the Government), all right, title and interest to all refunds, rebates, credits, or other amounts (including any interest thereon) arising out of the performance of the said Grant, together with all the rights of action accrued or which may hereafter accrue hereunder.
- (2) Agree to take whatever action may be necessary to effect prompt collection of all refunds, rebates, credits, or other amounts (including any interest thereon) due or which may become due, and to promptly forward to the Finance Division of the Army Research Office, checks for any proceeds so collected. The reasonable costs of any such action to effect collection shall constitute allowable costs when approved by the Grantor and may be applied to reduce any amounts otherwise payable to the Government under the terms hereof.
- (3) Agree to cooperate fully with the Government as to any claim or suit in connection with refunds, rebates, credits, or other amounts due (including interest thereon), to execute any protest, pleading, application, power of attorney, or other papers in connection therewith; and to permit the Government to represent it at any hearing, trial, or other proceeding arising out of such claim or suit.

In Witness whereof, this assignment has been executed this ____ day of _____, 19 ____.

(Signature of Grantee)

(Name and Title of Grantee)

C E R T I F I C A T E

I, _____, certify that I am the _____ of the _____, named as Grantee in the foregoing assignment, that _____ who signed said assignment on behalf of the Grantee had the authority to do so, and that said assignment was duly signed for and on behalf of said Grantee by authority of its governing body and is within the scope of its powers.

SEAL

(Name and Title)

Figure 4-5. Suggested Format for Grantee's Assignment of Refunds, Rebates, and Credits.

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