

Appendix I

Federal Programs Excluded from the A-102 Common Rule

Note: §__ references are to the "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" (A-102 Common Rule).

Background

Certain grant programs (block grant programs enacted under the Omnibus Budget Reconciliation Act of 1981, one special program, open-ended entitlement programs, and other specified programs) are exempt from the provisions of the A-102 Common Rule. These programs are listed below. State administrative requirements for financial management and control apply to the block grant programs (including their subrecipients) and Federal agency regulations apply to the programs which are not block grants.

Block grant programs and the one special program are also exempt from the provisions of OMB cost principles circulars. State cost principles requirements apply to these programs (including their subrecipients). The open-ended entitlement programs and other specified programs are subject to the provisions of the OMB cost principles circulars.

The administrative requirements for the open-ended entitlement programs contained in Federal agency regulations may not be identical to those in the A-102 Common Rule. Rather than identify for testing each instance where the requirements differ, this Compliance Supplement only addresses differences that warrant special attention. These differences are in the areas of real property and equipment, procurement, and financial reporting. With respect to all other administrative requirements, the auditor should be guided by the provisions of the A-102 Common Rule (see Part 3) or Circular A-110 and agency program requirements (see Part 4).

USDA's program rules for the Food Stamp Program are in 7 CFR parts 271-285. HHS's program rules for Medicaid, AFDC, Child Support Enforcement, and Foster Care and Adoption Assistance programs are in 42 CFR parts 430-498, 45 CFR parts 201-257, 45 CFR parts 301-307, and 45 CFR parts 1355-1357, respectively. 45 CFR part 95, "General Administration - Grant Programs (Public Assistance and Medical Assistance)," applies to all of these HHS programs.

Differences pertaining to real property and equipment

USDA's program rules for real property and equipment (property) acquired under the Food Stamp program are in 7 CFR section 277.13, Property. These rules provide for reimbursing the Federal Government for its share of the fair market value of property with an original cost of \$1000 or more when the property is no longer needed.

Differences pertaining to procurement

USDA's program rules for procurement associated with the Food Stamp program are in 7 CFR 277.14, Procurement standards. These rules require pre-award review and approval for all noncompetitive procurements over \$10,000, all one bid only procurements over \$10,000, and all

procurements over \$10,000 which specify a brand name. The rules also limit small purchase procedures to purchases under \$10,000.

Subpart F of 45 CFR 95, ADP equipment and services, applies to all of these programs. Subpart F requires prior Federal written approval for the acquisition of ADP equipment and services of \$5 million or more when the Federal Government funds at regular matching rates and prior written approval for all ADP acquisitions when the Federal Government funds at enhanced matching rates. In addition, the rules require prior Federal written approval for sole source contracts between \$1 million and \$5 million when the Federal Government funds at regular matching rates and for certain requests for proposals (RFPs), contracts, and amendments.

Differences pertaining to financial reporting

USDA's financial reporting requirements associated with the Food Stamp program are provided in Part 4 of this Supplement.

HHS's financial reporting requirements associated with Medicaid, Child Support Enforcement, Foster Care, and Adoption Assistance are provided in Part 4 of this Supplement. HHS's reporting requirements for AFDC Assistance have been approved under the Paperwork Reduction Act of 1980, as amended. The auditor should consult with the auditee to obtain the most current requirements.

Programs Excluded from the Requirements of the A-102 Common Rule

Since many of the programs excluded from the A-102 Common Rule were reauthorized or amended, the following list provides the current CFDA number and name as listed in the 1996 CFDA. A notation is included with the program name to indicate when only part of the awards under a CFDA number are excluded from the A-102 Common Rule or to provide other clarifications.

§___.4(a)(2) Block grant programs authorized by:

The Omnibus Budget Reconciliation Act of 1981 (§___.4(a)(2))

93.569	Community Services Block Grant
93.991	Preventive Health and Health Services Block Grant
93.958 and	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse (both of these were formerly part of the ADAMHA block grant)
93.994	Maternal and Child Health Services Block Grant to the States
93.667	Social Services Block Grant
93.568	Low-Income Home Energy Assistance
14.228	Community Development Block Grants/State's Program (State-administered small cities program)
84.298	Innovative Education Program Strategies (Title VI) (formerly Chapter 2 of ECIA)

- 17.250 and Job Training Partnership Act (Title I and II)
 17.246 Employment and Training Assistance--Dislocated Workers (Title III)
 (For both of these programs (17.250 and 17.246), Section 164(a)(3) of the Job Training Reform Amendments of 1992, and the implementing regulations at 20 CFR section 627.420, prescribe minimum requirements for procurements made with Job Training Partnership Act (JTPA) Titles I, II, and III funds. These requirements largely parallel, and in some cases exceed, the procurement provisions of the A-102 Common Rule. Also, 20 CFR section 627.435(b) provides that the determination of whether a JTPA Title I, II, or III cost is direct or indirect shall be made in accordance with the OMB cost principles Circulars identified in 29 CFR part 97, the Department of Labor's adoption of the A-102 Common Rule at 29 CFR section 97.22(b).)

Special program

- 84.010 Title I Grants to Local Educational Agencies (formerly Chapter 1 of ECIA)

Open-ended entitlement programs

§___.4(a)(3) Entitlement grants to carry out the following programs of the Social Security Act:

- 93.560 Family Support Payments to States--Assistance Payments (AFDC Maintenance Assistance)
 93.563 Child Support Enforcement (Title IV-D)
 93.658 and Foster Care--Title IV-E
 93.659 Adoption Assistance (Title IV-E)
 93.778 Medical Assistance Program (Medicaid; Title XIX) (not including the State Medicaid Fraud Control program)

See Note 1 below for applicable Federal agency regulations.

§___.4(a)(7) A grant for an experimental, pilot, or demonstration project that is also supported by a grant listed in paragraph (a)(3) of this section.

See Note 1 below for applicable Federal agency regulations.

§___.4(a)(6) Entitlement grants for State Administrative expenses under The Food Stamp Act of 1977

- 10.561 State Administrative Matching Grants for Food Stamp Program

See Note 2 below for applicable Federal agency regulations.

§___.4(a)(4) Entitlement grants under the following programs of The National School Lunch Act:

- 10.555 (i) National School Lunch Program (General Assistance)
 10.550 (ii) Food Distribution (Distributions for entitlement programs only, that is the Commodities for Child Nutrition Programs)

- 10.555 (iii) National School Lunch Program (Special Meal Assistance)
 10.559 (iv) Summer Food Service Program for Children
 10.558 (v) Child and Adult Care Food Program

See Note 2 below for applicable Federal agency regulations.

§___.4(a)(5) Entitlement grants under the following programs of The Child Nutrition Act of 1966:

- 10.556 (i) Special Milk Program for Children
 10.553 (ii) School Breakfast Program

See Note 2 below for applicable Federal agency regulations.

Other specified programs

§___.4(a)(8) Grant funds awarded under subsection 412(e) of the Immigration and Nationality Act (8 USC 1522(e)) and subsection 501(a) of the Refugee Education Assistance Act of 1980 (42 USC 1535) (Pub. L. No. 96-422, 94 Stat. 1809), for cash assistance, medical assistance, and supplemental security income benefits to refugees and entrants and the administrative costs of providing the assistance and benefits.

- 93.566 Refugee and Entrant Assistance--State Administered Programs

See Note 1 below for applicable Federal agency regulations.

§___.4(a)(9) Grants to local education agencies under 20 USC 236 through 241-1(a), and 242 through 244 (portions of the Impact Aid program), except for 20 USC 238(d)(2)(c) and 240(f) (Entitlement Increase for Handicapped Children).

- 84.041 Impact Aid (excluding payments for children with disabilities and payments for construction)

§___.4(a)(10) Payments under the Veterans Administration's State Home Per Diem Program.

- 64.014 Veterans State Domiciliary Care
 64.015 Veterans State Nursing Home Care
 64.016 Veterans State Hospital Care

Note 1: Even though the programs listed under paragraphs §___.4(a)(3), §___.4(a)(7), and §___.4(a)(8) are exempt from the A-102 Common Rule, they are currently covered by HHS's interim final implementation of OMB Circular A-110 which HHS has titled as "Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Non-Profit Organizations, and Commercial Organizations; and Certain Grants and Agreements with States, Local Governments and Indian Tribal Governments" (45 CFR part 74) which has requirements **less** restrictive (for institutions of higher education) but similar to the A-102 Common

Rule and "General Administration-Grant Programs (Public Assistance and Medical Assistance)" (45 CFR part 95).

Note 2: Even though the entitlement programs listed under paragraphs §__.4(a)(4), §__.4(a)(5), §__.4(a)(6) above are exempt from the A-102 Common Rule, they are covered by USDA's 7 CFR part 3015 which has requirements **more** restrictive but similar to the A-102 Common Rule.