



OFFICE OF FEDERAL  
FINANCIAL MANAGEMENT

EXECUTIVE OFFICE OF THE PRESIDENT

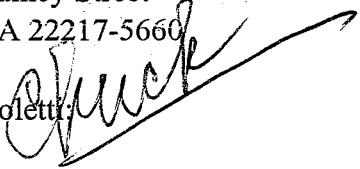
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D. C. 20503

AUG 25 2000

Mr. Charles R. Paoletti  
Executive Director  
Acquisition Department  
Department of Navy  
Office of Naval Research  
800 North Quincy Street  
Arlington, VA 22217-5660

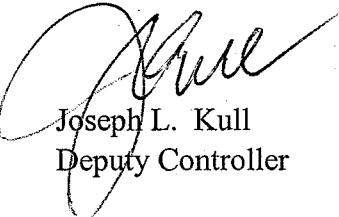
Dear Mr. Paoletti

  
This responds to your letter of May 26, 2000, requesting comments on the definition and documentation requirements for subawards in accordance with the Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations." The "FDP Statement on Subawards" document was prepared by the Federal Demonstration Project and endorsed by your office.

While the definition of subawards provided in the document is consistent with the provisions of Circular A-110, it is inconsistent as it relates to audit requirements in accordance with OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Specifically, Circular A-110 defines subawards to exclude "other assistance in the form of loans, loan guarantees, interest subsidies, or insurance" because they are pass-thru money. Circular A-133 audit requirements, however, extend to these four items. We suggest you amend the document to make that clarification.

Please call Jimmy Charney at 202-395-7582, if you have any questions regarding this letter.

Sincerely,

  
Joseph L. Kull  
Deputy Controller