

Assistance Management Improvement Act of 1999 (FFAMIA) (Pub. L. 106–107) requires USDA to “\* \* \* develop and implement a plan that \* \* \* streamlines and simplifies the application, administrative, and reporting procedures for Federal financial assistance programs administered by the agency.” (31 U.S.C. 6101 note, FFAMIA sec.5).

USDA now proposes the following actions: (1) USDA has concluded that allowing awarding agencies the discretion to choose between two rules for the administration of assistance agreements with for-profit organizations is both unnecessary and confusing. Therefore, USDA proposes to revise part 3019 to require that agencies entering into assistance agreements with for-profit organizations use part 3019 exclusively for the administration of these agreements; (2) The combination of the recent transfer of the entitlement programs and the proposed transfer of for-profit organizations to the administrative requirements of other regulations make much of the text currently in part 3015 unnecessary. Furthermore, a substantial portion of part 3015 is based on superceded OMB guidance that is no longer used by any other Federal agency. Therefore, USDA proposes to revise the current text to remove unneeded language and to improve readability. In addition, to avoid potential confusion, USDA proposes to remove part 3015 in its entirety and replace it with a new part 3020 entitled “General Program Administration Regulations.” The table at the end of this preamble provides cross-references between the sections in the current part 3015 and the equivalent sections in the existing parts 3016 and 3019 as well as the proposed part 3020. The proposed part 3020 will apply to all types of recipients, supplementing the regulations in parts 3016 and 3019; (3) To carry out the OCFO oversight responsibilities for financial management activities, USDA proposes to make parts 3020, 3016, and 3019 applicable, as appropriate, to nearly all parties entering into assistance transactions with USDA relating to USDA’s programs, including non-governmental international recipients. The proposed rule is intended to establish the basic requirements for USDA’s financial management of programs; (4) The proposed rule will be a major step toward conformance with the FFAMIA initiative to simplify the application, administrative, and reporting procedures for the covered Federal programs administered by the agency. In terms of streamlining, the

current version of part 3015 consists of 123 sections containing 302KB of information while the proposed version of part 3020 consists of 28 sections containing 90KB of information. In terms of uniformity, the proposed rule will have the effect of placing nearly all of USDA’s assistance relationships with non-Federal entities under two administrative rules that codify for USDA the same policies used by the majority of other Federal Departments. Further streamlining is expected to occur over the coming months and years. OMB published notices in the **Federal Register** on August 12, 2002 (67 FR 52544–52560, Aug. 12, 2002) that propose to standardize the announcement format for discretionary grants and cooperative agreements across government agencies. Also, a standard set of data elements has been proposed to standardize the electronic posting of funding announcements. When they are finalized, USDA expects that parts 3016, 3019 and 3020, and particularly §§ 3016.10, 3019.12 and 3020.15 will be amended to reflect the implementation of FFAMIA; (5) USDA has corrected the reference to USDA’s audit regulation in 7 CFR 3019.26 to reflect the correct citation of 7 CFR part 3052; and, (6) USDA also proposes to include in part 3020 the additional specific requirements itemized below.

#### **Summary of Proposed Rule 3020**

The following paragraphs provide a summary of the various revisions and sections of this proposed rule 3020. Following the summary is a table that cross-references each section of part 3015 and indicates the comparable sections in parts 3016 and 3019 and proposed part 3020.

#### **Changes to Part 3019**

USDA proposes to amend the title of part 3019 and revise §§ 3019.1, 3019.2, and 3019.5 to include for-profit organizations within the scope of part 3019. The proposed revision in § 3019.26(a) replaces the reference to the Single Audit Act Amendments of 1996 (31 U.S.C. 7501–7507) and the OMB Circular A–133 with a reference to part 3052, “AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS,” the USDA regulation implementing OMB Circular A–133.

#### **Part 3020—General Program Administration Regulations**

##### *Subpart A—General*

*Section 3020.1 Purpose.* No substantive change from part 3015.

*Section 3020.2 Applicability.* This section lists which USDA agreements and recipients are covered by this rule and the exceptions to this rule. The applicability of proposed part 3020 is broader than that of part 3015. Proposed part 3020 will apply to all USDA agreements, including memoranda of understanding, not explicitly excepted. Part 3015 applies only to assistance agreements.

*Section 3020.3 Conflicting policies and deviations.* This section simplifies current section 3015.3. Proposed section 3020.3 clarifies that unless authorized by statute or by a waiver by OCFO, the requirements in part 3020 will take precedence over any USDA agency specific regulations.

*Section 3020.4 Other regulations applicable to USDA agreements.* This section lists other regulations that currently apply to some or all cover USDA agreements. The only new requirement proposed is that awarding agencies are to apply the rules in part 3019 of this chapter to for-profit entities.

##### *Subpart B—Basic Requirements*

*Section 3020.10 Authority clause.* USDA proposes this section to codify the requirement to include a section in all covered USDA agreements addressing the statutory authority and funding authority for any financial transaction and the statutory authority for any non-financial transaction.

*Section 3020.11 Identification and use of USDA agreements.* USDA proposes this section to resolve questions as to the primary types of USDA agreements. This section defines the agreements commonly entered into by USDA agencies, subject to each agency’s specific authorizations. This section specifically addresses the use of procurement contracts, cooperative agreements, grants, memoranda of understanding, interagency agreements, and intra-agency agreements.

*Section 3020.12 Program reporting requirements.* The Federal Program Information Act (31 U.S.C. chapter 61) requires Federal agencies to report specified information for programs involving non-procurement transactions. The USDA complies with the requirements through submission of data to the Catalog of Federal Domestic Assistance (CFDA) and the Federal Assistance Award Data System (FAADS). While these are not new requirements and USDA has complied with the reporting requirements since their inception, the requirements were never codified in our regulations. USDA proposes this section to codify these reporting requirements.