

BUDGET LETTER

SUBJECT: EXPANDED REPORTING ON FEDERAL GRANTS AND CONTRACTS	NUMBER: 10-28
REFERENCES: FEDERAL ACQUISITION REGULATION; FAR CASE 2008-039, REPORTING EXECUTIVE COMPENSATION AND FIRST-TIER SUBCONTRACT AWARDS	DATE ISSUED: October 5, 2010
	SUPERSEDES:

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Departmental Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

NOTE: Departments are requested to forward a copy of this Budget Letter (BL) to other personnel dealing with federal grants.

This BL serves to notify state departments and agencies of a major change in responsibility for reporting on federal funding, as well as to recommend immediate “next-steps” to prepare the state to optimally fulfill this expanded reporting responsibility.

BACKGROUND

On August 27, 2010, the Office of Management and Budget (OMB) released a memorandum on implementing the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The implementation plan requires reporting of sub-recipient level information on all federal grants and contracts. Currently, only recipient level information is reported.

NEW REPORTING REQUIREMENTS

Prime awardees, our state departments and agencies in many cases, will now be required to report the names and total compensation of the five most highly compensated officers of a prime or subawardee entity if the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards and \$25,000,000 or more in annual gross revenues from Federal awards; and if the public does not have access to this information about the compensation of the senior executives of the entity. Note: This requirement will not affect our state departments and agencies, as all compensation information is currently available online, however it will require departments and agencies to collect this information from subrecipients who do not meet the exemption requirements.

Information such as subaward entity address, subaward description/title, and date of award will be required for every sub-grant or contract state departments makes. A complete listing of fields required, as well as reporting instructions, can be found at <https://www.fsrs.gov/>.

The new reporting is required on all federal grants and contracts over \$25,000 in value and begins in October of 2010. Awards with an award date prior to October 1, 2010, as well as awards funded with Recovery Act funds, are not subject to the FFATA.

LOGISTICS OF REPORTING

Every recipient of federal funds, either at the prime or sub-recipient levels, should be strongly encouraged to register in the federal government's Central Contractor Registration System (CCR). All of our state departments are already registered in this system, though many of your sub-recipients might not yet be registered. CCR registration will be used to pre-populate many of the required data fields associated with FFATA reporting, so sub-recipient registration will make the job of reporting more efficient for state departments.

State departments must report all information associated with a federal grant, including all information associated with subawardees. This will require data collection by each state department, and mechanisms to input that data into the federal government's FFATA Subaward Reporting System (FSRS). The information reported will then be displayed on USASpending.gov in an effort to improve data quality and increase transparency in government spending. The FSRS system allows for excel uploads, and batch reporting that permits reporting on more than one award at a time. The system is accessed at www.fsrs.gov.

Reporting information is required the month after the award-date month. For instance, if CalTrans receives an award on October 21, they will need to report any prime-recipient information into FSRS by November 30. If CalTrans sub-grants money to three entities in November, they will need to input all data pertaining to those subrecipient awardees by December 31. There are not quarterly deadlines to these rolling reports, any changes to existing reports and reports on new awards are due at the end of the following month.

The expanded federal reporting for federal contracts is happening on a phased approach:

Phase 1: Reporting subcontracts under federally-awarded contracts and orders valued greater than or equal to \$20,000,000, reporting is already in effect. This requirement has no known effect on state contracts and grants due to its large size.

Phase 2: Reporting subcontracts under federally-awarded contracts and orders valued greater than or equal to \$550,000, reporting starts October 1, 2010.

Phase 3: Reporting subcontracts under federally-awarded contracts and orders valued greater than or equal to \$25,000, reporting starts March 1, 2011.

NEXT STEPS AND OPTIONS FOR COMPLIANCE

All state departments that receive federal grants or contracts must immediately ensure their CCR registration is correct. Additionally, they must ensure that contracts or agreements with sub-recipients require those sub-recipients to also register in CCR in order to provide the state department with required information to comply with FFATA reporting. Each state department is responsible for meeting these federal reporting obligations on all federal grants and contracts, and should report directly into the federal reporting system.

CONTACTS

Should departments need any further information on FFATA reporting, they are encouraged to contact federal agencies or FFATA officials at the federal level. A good point of contact is the federal service desk, at 1-866-606-8220. Additionally, resources that may be helpful include:

Federal Regulations on new reporting:

<http://www.regulations.gov/search/Regs/home.html#documentDetail?R=0900006480b14fa4>

Federal Subrecipient Reporting System: www.fsrs.gov

Website to display expanded reporting info: www.USASpending.gov

/s/ Fred Klass

FRED KLASS
Chief Operating Officer