



U.S. Department of
Transportation

Office of the Secretary
of Transportation

ORDER

DOT 4600.9C

7-14-88

Subject: GRANTS AND COOPERATIVE AGREEMENTS
WITH STATE AND LOCAL GOVERNMENTS

1. PURPOSE. This Order prescribes the procedures for implementing Office of Management and Budget (OMB) Circular A-102 (Revised), Grants and Cooperative Agreements with State and Local Governments, of 3-3-88, and 49 CFR Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments.
2. CANCELLATION. DOT 4600.9B, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments, of 5-8-78.
3. BACKGROUND. On March 12, 1987, the President directed OMB to limit Circular A-102 (Revised) to Government-wide requirements addressed solely to Federal agencies. At the same time, Federal agencies were required to develop and issue a "common" Government-wide rule for administrative requirements for assistance to State and local governments. The Department of Transportation (DOT) issued the "common rule" on March 11, 1988, as 49 CFR Part 18. Circular A-102 (Revised) and 49 CFR Part 18 permit deviations from the common requirements, but deviations must be based on statute or approved by OMB. Deviations from the common requirements have been issued in 49 CFR Part 18.

Consistent with Executive Order 12612, Federalism, the "common rule" allows States to use their own procedures in the management of financial management systems, equipment, and procurement. Also, States can use their own procedures when implementing subgrants to local governments. These provisions should significantly reduce the Federal red tape imposed on State grantees.
4. POLICY. DOT policy is to comply with the instructions and standards issued in OMB Circular A-102 (Revised) and 49 CFR Part 18 except where enabling legislation for a specific grant program prescribes different policies or requirements, or where a specific exemption has been granted by OMB in accordance with paragraph 6 of this Order.
5. APPLICABILITY. The provisions of Circular A-102 (Revised) apply to Operating Administrations that award Federal assistance to State and local governments.

DISTRIBUTION: All Secretarial Offices
All Operating Administrations

OPI: Office of
Acquisition and
Grant Management

6. RESPONSIBILITIES.

- a. The Office of the Assistant Secretary for Administration shall issue specific instructions for implementing OMB Circular A-102 (Revised) or 49 CFR Part 18 only in those instances where the prescribed requirements need further clarification and/or implementation.
- b. Operating Administrations shall establish the necessary implementing procedures to comply with OMB Circular A-102 (Revised), 49 CFR Part 18, and this Order.
- c. Operating Administrations shall submit all new and/or revised procedures which are primarily designed to implement the requirements of this Order or 49 CFR Part 18 to the Assistant Secretary for Administration for clearance before the directives are issued. Procedures will be reviewed to determine compliance with the requirements of 49 CFR Part 18. In addition, any new and/or revised procedures which are inconsistent with the requirements of 49 CFR Part 18 shall be submitted to the Assistant Secretary for Administration for clearance before the directives are issued. No submission is required when procedures are submitted according to DOT 2100.5, Policies and Procedures for Simplification, Analysis, and Review of Regulations. When new directives are issued, they should allow recipients who are participating in assistance programs as of the date the directives are issued to defer compliance until the beginning of the first program or fiscal year after the effective date of the directive. Exceptions to this requirement shall be made when:
 - (1) immediate compliance is specifically required by law, Secretarial regulation, or Secretarial order; or
 - (2) deferral of a directive would be detrimental to the public health or safety, or the rights of individuals. All procedures should provide assistance recipients the option to comply with new procedures immediately upon issuance, rather than waiting until the beginning of a program or fiscal year.
- d. Existing directives that impose requirements on grantees that are not consistent with 49 CFR Part 18 were superseded. Operating Administrations shall cancel all requirements that have been superseded by 49 CFR Part 18, effective for grants awarded on or after October 1, 1988.
- e. Operating Administrations shall request waivers to OMB Circular A-102 (Revised) and 49 CFR Part 18 through

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the Assistant Secretary for Administration. No requests for waivers will be forwarded to OMB unless accompanied by sufficient information to justify an exemption.

- f. Operating Administrations that impose additional requirements on "high risk" grantees, as authorized by 49 CFR 18.12, shall forward copies of such notifications to the Assistant Secretary for Administration and the Deputy Assistant Inspector General for Auditing.

- 7. IMPLEMENTATION. The policy and procedures contained in this Order are effective immediately. Implementing directives shall be submitted within 90 days of publication of this Order.

FOR THE SECRETARY OF TRANSPORTATION:



Melissa J. Allen
For the Assistant Secretary
for Administration