

# 731.770 OMB Circular A-122, cost principles for nonprofit organizations; USAID implementation.

Link to an amendment published at 89 FR 4206, Jan. 23, 2024.

(a) Paragraph 6 of the transmittal letter for OMB Circular A-122 specifies that “Agencies shall designate a liaison official to serve as the agency representative on matters relating to the implementation of this Circular.” The Director, Bureau for Management, Office of Acquisition and Assistance, has been so designated. The Bureau for Management, Office of Acquisition and Assistance, Cost Audit Support Division, Overhead and Special Cost and Contract Close-Out Branch (M/OAA/CAS/OCC) provides staff assistance to the Director concerning OMB Circular A-122. M/OAA/CAS/OCC is also responsible for obtaining cognizance under the criteria in the transmittal letter for OMB Circular A-122; for liaison with other cognizant agencies; for authorizing exclusion of OMB Circular A-122 coverage for a particular nonprofit organization pursuant to paragraph 5 of the OMB Circular A-122 transmittal letter; and for advice and assistance in applying OMB Circular A-122 cost principles.

(b) Paragraph 4b of the OMB Circular A-122 transmittal letter contains a definition of *prior approval* as follows:

Prior approval means securing the awarding agency's permission in advance to incur costs for those items that are designated as requiring prior approval by OMB Circular A-122. Generally, this permission will be in writing. Where an item of cost requiring prior approval is specified in the budget of an award, approval of the budget constitute approval of that cost.

Consequently, an award containing a budget constitutes prior approval of the direct cost item in the budget, unless otherwise annotated. Accordingly, award budgets should be appropriately annotated substantially as follows:

Inclusion of any cost in the line item budget of this award does not obviate the requirement for prior approval of cost items designated as requiring prior approval by OMB Circular A-122 ; or

In accordance with the requirements to OMB Circular No. A-122, approval is granted to incur costs for (name specific item or items) which are included in the budget of this award.

**Parent topic:** [Subpart 731.7—Contracts With Nonprofit Organizations](#)