

## Department of Defense

## § 1128.205

(2) For each subpart, there is a corresponding appendix with standard wording for terms and conditions of the article addressed by the subpart. Terms and conditions address rights and responsibilities of the Federal Government and recipients.

(b) A DoD Component must use the wording provided in each appendix in accordance with the direction in the

corresponding subpart. That direction may permit DoD Components to vary from the standard wording in some situations.

(c) Table 1 shows which article of general terms and conditions may be found in each of appendices A through G to this part (with the associated direction to DoD Components in Subparts A through G, respectively):

TABLE 1 TO PARAGRAPH (c)

| In . . .         | You will find terms and conditions specifying recipients' rights and responsibilities related to . . . | That would appear in an award within FMS Article . . . |
|------------------|--|--|
| Appendix A ..... | Financial management system standards .....  | I.   |
| Appendix B ..... | Payments .....   | II.  |
| Appendix C ..... | Allowable costs, period of availability of funds, and fee or profit ..                                 | III.   |
| Appendix D ..... | Revision of budget and program plans .....   | IV.  |
| Appendix E ..... | Non-Federal audits .....   | V.   |
| Appendix F ..... | Cost sharing or matching .....   | VI.  |
| Appendix G ..... | Program income .....   | VII.   |

### Subpart A—Financial Management System Standards (FMS Article I)

#### § 1128.100 Purpose of FMS Article I.

FMS Article I specifies standards for recipients' financial management systems. It thereby implements OMB guidance in:

(a) 2 CFR 200.302, 200.303, and 200.328; and

(b) 2 CFR 200.301 and 200.328, as they relate to associations between financial data and performance accomplishments and reporting.

#### § 1128.105 Content of FMS Article I.

(a) *Requirement.* A DoD Component's general terms and conditions must address requirements for recipients' financial management systems.

(b) *Award terms and conditions—(1) General.* Except as provided in paragraph (b)(2) of this section, a DoD Component's general terms and conditions must include the wording appendix A to this part provides for FMS Article I.

(2) *Exceptions.* A DoD Component's general terms and conditions may:

(i) Reserve Section A of FMS Article I if the DoD Component determines that it is not possible that any States will receive:

(A) DoD Component awards using those general terms and conditions; or

(B) Subawards from recipients of DoD Component awards using those general terms and conditions.

(ii) Reserve paragraph B.6 of FMS Article I if the DoD Component determines that it will not require recipients of awards using those general terms and conditions to relate financial data to performance accomplishments (*e.g.*, through unit costs). Because the nature of research makes the use of unit costs and other relationships between financial data and performance accomplishments generally inappropriate, DoD Components should reserve paragraph B.6 in general terms and conditions for awards supporting research.

### Subpart B—Payments (FMS Article II)

#### § 1128.200 Purpose of FMS Article II.

FMS Article II contains requirements related to payments under an award. It thereby implements OMB guidance in 2 CFR 200.305.

#### § 1128.205 Content of FMS Article II.

(a) *Requirement.* A DoD Component's general terms and conditions must address payment method; payment timing and amounts, which relate to cash