

## Department of Defense

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### APPENDIX A TO PART 1108—BACKGROUND ON ASSISTANCE, ACQUISITION, AND TERMS FOR TYPES OF LEGAL INSTRUMENTS

AUTHORITY: 5 U.S.C. 301 and 10 U.S.C. 113.

SOURCE: 85 FR 51230, Aug. 19, 2020, unless otherwise noted.

## Subpart A—General

### § 1108.1 Purpose of this part.

(a) This part provides:

(1) Definitions of terms used in subchapters A through F of this chapter; and

(2) Background information as context for understanding terms related to assistance and acquisition purposes, legal instruments that DoD Components make at the prime tier, and lower-tier transactions into which recipients and subrecipients enter when carrying out programs at lower tiers under DoD awards.

(b) This part is, for DoD, the regulatory implementation of OMB guidance in subpart A of 2 CFR part 200.

### § 1108.2 Precedence of definitions of terms in national policy requirements.

(a) *General.* Some portions of the DoD Grant and Agreement Regulations (DoDGARs) may use a term in relation to compliance with a national policy requirement in a statute, Executive order, or other source that defines the term differently than it is defined in subpart B of this part. For purposes of that particular national policy requirement, the definition of a term provided by the source of the requirement and any regulation specifically implementing it takes precedence over the definition in subpart B of this part. Using the definition of a term that takes precedence for each national policy requirement is therefore important when determining the applicability and effect of that requirement.

(b) *Examples.* (1) Current portions of the DoDGARs that specifically implement national policy requirements, as described in paragraph (a) of this section, are:

(i) A Governmentwide regulation currently codified by DoD at 32 CFR part 26, which implements the Drug-Free Workplace Act of 1988 as it applies to grants (41 U.S.C. chapter 81, as amended);

(ii) A Government regulation currently codified by DoD at 32 CFR part 28, which implements restrictions on lobbying in 31 U.S.C. 1352;

(iii) A DoD regulation at part 1125 of this chapter, which implements Governmentwide guidance on nonprocurement debarment and suspension (2 CFR part 180) that has bases both in statute (section 2455 of Public Law 103–355, 108 Stat. 3327) and in Executive orders 12549 and 12689; and

(iv) Part 1122 of this chapter, which provides standard wording of terms and conditions related to a number of national policy requirements.

(2) To illustrate that a term may be defined differently in conjunction with specific national policy requirements than it is in this part, the term “State” is defined differently in the drug-free workplace requirements at 32 CFR part 26, the lobbying restrictions at 32 CFR part 28, and Subpart B of this part.

### § 1108.3 Definitions of terms used in the Governmentwide cost principles or single audit requirements.

(a) Some DoDGARs provisions state that DoD Components or recipients must comply with single audit or cost principles requirements in a Governmentwide issuance that contains defined terms and include the requirements by reference to the issuance without restating them.

(b) For any term in one of those issuances, this part includes the definition of the term only if the DoDGARs also use that term directly.

(c) If the DoDGARs only use the term indirectly, *i.e.*, through the DoDGARs’ reference to the issuance, then this part will not include a definition and a user of the DoDGARs should consult definitions in the pertinent Governmentwide source, as follows:

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(1) The Single Audit Act requirements for audits of recipients and subrecipients that are in subpart F of OMB guidance in 2 CFR part 200;

(2) The Governmentwide cost principles for institutions of higher education, nonprofit organizations, States, local governments, and Indian tribes that are contained in subpart E of OMB guidance in 2 CFR part 200; and

(3) The cost principles for for-profit entities at Subpart 31.2 of the Federal Acquisition Regulation (FAR) at 48 CFR part 31, as supplemented by provisions of the Defense Federal Acquisition Regulation Supplement at subpart 231.2 of 48 CFR part 231.

### § 1108.4 Definitions of terms that vary depending on context.

DoDGARs definitions of some terms related to types of legal instruments (*e.g.*, “contract”) and purposes for which they are used (*e.g.*, “procurement” or “acquisition”) may vary, depending on the context. Appendix A to this part provides additional information about those terms and their definitions.

## Subpart B—Definitions

### § 1108.10 Acquire.

*Acquire* means to:

(a) When the term is used in connection with a DoD Component action at the prime tier, obtain property or services by purchase, lease, or barter for the direct benefit or use of the United States Government.

(b) When the term is used in connection with a recipient action or a subrecipient action at a tier under a DoD Component’s award:

- (1) Purchase services;
- (2) Obtain property under the award by:
  - (i) Purchase;
  - (ii) Construction;
  - (iii) Fabrication;
  - (iv) Development;
  - (v) The recipient’s or subrecipient’s donation of the property to the project or program under the award to meet a cost-sharing or matching requirement (*i.e.*, including within the entity’s share of the award’s project costs the value of the remaining life of the prop-

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erty or its fair market value, rather than charging depreciation); or

(vi) Otherwise.

### § 1108.15 Acquisition.

*Acquisition* means the process of acquiring as described in:

(a) Paragraph (a) of § 1108.10 when used in connection with DoD Component actions at the prime tier.

(b) Paragraph (b) of § 1108.10 when used in connection with recipient or subrecipient actions at a lower tier under a DoD Component’s award.

### § 1108.20 Acquisition cost.

*Acquisition cost* means the cost of an asset to a recipient or subrecipient, including the cost to ready the asset for its intended use.

(a) For example, when used in conjunction with:

(1) The purchase of equipment, the term means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.

(2) Equipment that a recipient or subrecipient constructs or fabricates—or software that it develops—under an award, the term includes, when capitalized in accordance with generally accepted accounting principles (GAAP):

(i) The construction and fabrication costs of that equipment; and

(ii) The development costs of that software.

(b) Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation may be included in, or excluded from, the acquisition cost in accordance with the recipient’s or subrecipient’s regular accounting practices.

### § 1108.25 Administrative offset.

*Administrative offset* means an action whereby money payable by the United States Government to, or held by the Government for, a recipient is withheld to satisfy a delinquent debt.

### § 1108.30 Advance payment.

*Advance payment* means a payment that DoD or a recipient or subrecipient makes by any appropriate payment mechanism, including a predetermined