

1.12 CONTRACTUAL SERVICES (Object 08)

Interagency Agreements

All interagency agreements of \$25,000 or more must be reported on a DA-23 form. Agencies must use Comptroller Object 0885, "In-State Services – Other," to budget expenditures related to interagency agreements. This object may be used for agreements with local government entities also.

Agreements between a State agency and a public institution of higher education

Section 29 of the FY 2017 Budget Bill requires State agencies and public institutions of higher education to report to DBM by August 1, 2016 on any FY 2016 interagency agreements between them **in which total expenditures may exceed \$100,000**. Section 29 also requires DBM to review any higher education agreements **in which total expenditures may exceed \$500,000**. Agencies may not enter into any FY 2017 higher education interagency agreements **without prior approval from DBM**.

For additional information, please refer to the reporting requirements on the DBM website, <http://dbm.maryland.gov/proc-contracts/Pages/InteragencyAgreementReporting.aspx>

Contracts

Form DA-23 is required for each program or subprogram with budgeted contracts. Where contracts are funded in various subprograms, there should be an entry for each funding component of the contract as well as for the total for each contract.

- Each contract greater than \$25,000 must be listed separately.
- Contracts less than \$25,000 must be included on one line (not listed separately) for each subprogram.
- Agencies should provide a subtotal of actual, appropriation, and request amounts at the subobject level of detail for each subprogram.

The components of complex "lump sum" line-item requests should be detailed and justified, preferably on a DA-2, with rates and units of service for all components. Line-item requests for simpler amounts may be justified using the HOBO "fifty character" field, column 19, allowed for each line-item in the HOBO submission.

The justification of each contractual service line-item should explain how the request for each line-item was determined. Examples may include:

- Planned actual cost of the next year of an approved multi-year contract,
- Three-year average of expenditures plus inflation,
- Current contract plus inflation, or
- Projected rate times units of service.

It is strongly suggested that agencies use subobject 0899 only if there is no other appropriate subobject. Be prepared to explain the detail behind any items included in 0899.