

B.8 CONTRACTUAL SERVICES – OBJECT 08

Interagency Agreements

All interagency agreements of \$25,000 or more must be reported in the Contract/Grant Supporting Detail (SD) module in BARS. Agencies must use subobject 0885, “In-State Services – Other,” to budget expenditures related to interagency agreements. This subobject also may be used for agreements with local government entities.

Agreements Between a State Agency and a Public Institution of Higher Education

Section 28 of the FY 2019 Budget Bill requires State agencies and public institutions of higher education to report to DBM by August 1, 2018 on any interagency agreements in place in FY 2018 between them **in which total expenditures exceeded \$100,000**. Section 28 also requires agencies and institutions to receive approval from the Secretary of DBM before entering into any new higher education agreements in FY 2019 **in which total expenditures may exceed \$500,000**. Please note the General Assembly requests in Section 28 that agencies establish a goal of having five percent of interagency agreement expenditures be awarded to Historically Black Colleges and Universities.

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

✎ DBM Billing for the BARS Budget System

Beginning in FY 2020, agencies supported by non-general funds will begin being billed for the operation and maintenance of the BARS budget system. These charges will be made for agencies using the Comptroller Subobject 0897. Funds relating to these charges will not be included in agencies’ targets and will be addressed later in the year during the budget cycle.

Contracts

The Contract/Grant Supporting Detail (SD) tab is required for each program or subprogram with budgeted contracts. **Agencies will be responsible for providing complete contract detail for each year for the Contract/Grant SD tab.** Where contracts are funded in various subprograms or with multiple fund types, there should be an entry for each funding component for each contract. Agencies are responsible for creating their own convention for reporting purchase orders (POs) in situations where there are overarching multi-year contracts from a vendor/grantee as well as single fiscal year contracts from the same vendor/grantee.

- 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, selecting “Miscellaneous” as the contract name.
- 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 using the comment field in BARS, with rates and units of service for all components. Line-item requests for simpler amounts may also be justified using the comment field in BARS.

The justification for 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 recommended 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.