



# Office of Management and Budget Omni-Circular

## SUMMARY OF CHANGES

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# Purpose

1. Eliminates duplicative and conflicting guidance
  - Combines 8 current OMB circulars into ONE!
2. Focuses on performance over compliance
3. Encourages efficient use of information technology and shared services
4. Provides for consistent and transparent treatment of costs
5. Redefines certain allowable costs to make best use of federal resources

# Purpose

6. Encourages Nonfederal Entities to Have Family-Friendly Policies
7. Targets Audit Requirements to reduce risk of Waste, Fraud, and Abuse

# Implementation

- Changes took effect for Federal awards (grants & contracts) made after 12/26/2014
- Entities may begin using the new Omni Circular rules for ongoing Federal awards at any time, without penalty
- Audit requirements apply to audits of fiscal years that start on or after 12/26/2014

# Highlighted Changes

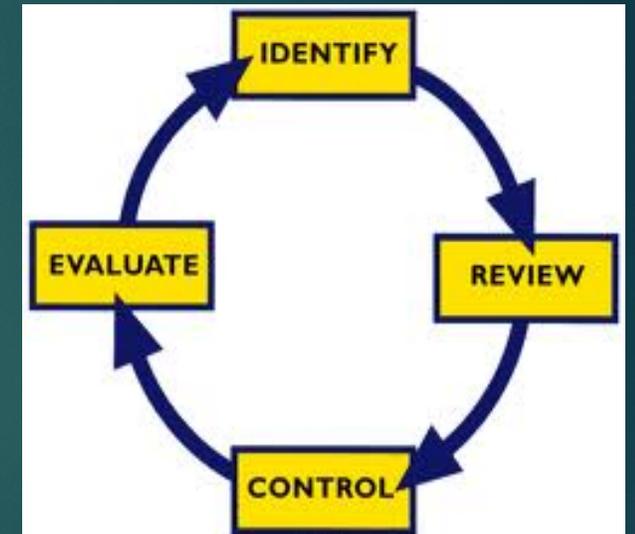


- Pass-through entity requirements
- Indirect costs
- Time and effort tracking
- Procurement Standards
- Emphasis on controls & sustainability
- Single audit Requirements

# Pre-Award Requirements

- ▶ 200.205 Federal awarding agency review of risk posed by applicants

Prior to making an award, the Federal awarding agency is required to conduct a risk based evaluation for each award applicant in order to determine appropriate monitoring activities



# Pre-Award Requirements

- ▶ **200.331 Requirements for pass-through entities (DHHS)**

DHHS shall ensure sub-awards include:

- ▶ Federal Award Information, including Federal Award Information Number, Catalog of Federal Domestic Assistance (CFDA) Number and name, and award date
- ▶ Total amount of the Federal award for the project
- ▶ Federal award project description for FFATA purposes
- ▶ Name of Federal awarding agency and pass through agency
- ▶ Subrecipient information including name and Data Universal Numbering System (DUNS) number
- ▶ Start and end date of subaward
- ▶ Amount of Federal funds obligated to the subrecipient by this action and in total
- ▶ Indirect cost rate applied to the Federal award (federal negotiated, de minimis or DHHS negotiated)
- ▶ Identification of whether the award is Research and Development (R&D)
- ▶ Agreement for records access by Federal and pass-through entities.

# Pre-Award Requirements

- ▶ 200.331 Requirements for pass-through entities (DHHS)

All Pass-through entities shall:

- ▶ Review subrecipients activities to ensure Federal awards are being used for authorized purposes, to include:
  1. Performing on-site and desktop monitoring to analyze financial and programmatic data
  2. Provide training and technical assistance to subrecipients
  3. Provide follow up to ensure subrecipients take timely and appropriate action on all deficiencies (findings, observations, etc.) from audits and on-site reviews
  4. Taking appropriate enforcement action when necessary

# Cost Principles



## 200.414 Indirect costs (Facilities & Administration)

Creation of a 10% de minimis rate of modified total direct costs (MTDC) for use by any Non-Federal entity that does not have a Federally negotiated Indirect Cost Rate.

- ▶ MTDC Include: All direct wages, fringe benefits, materials and supplies, services, travel and sub-awards and sub-contracts up to the first \$25,000 of each sub-award or contract.
- ▶ MTDC Exclude: Equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarship and participant support costs.

# Cost Principles

## 200.414 Indirect costs (Facilities & Administration)

- The de minimus rate must be used consistently for all Federal awards unless or until the entity chooses to negotiate an IDC rate.
- The de minimus rate may be used indefinitely.

Current negotiated Indirect Cost rates for Federal funding, **must** be accepted by DHHS. DHHS can negotiate Indirect Cost rates for State funding only.

- ▶ Entities that have a negotiated IDC rate may apply to their Federal cognizant agency for a One-Time extension for a period of up to 4 years
- ▶ If granted, may not negotiate a new rate until the extension period is over.

# Cost Principles

## 200.430 Compensation – Personal Services

- ▶ Documentation such as personnel activity reports (PARs) which are currently prescribed in Circulars A-122 and A-87, is not required under the new rules.

**However:**

- ▶ Time records must be supported by a system of internal control which provides reasonable assurance that charges are accurate, allowable, and properly allocated.
- ▶ Charges for salaries must be based on records that accurately reflect the work performed. Budget estimates will not be sufficient.

# Cost Principles

## 200.320 Procurement Standards

For the Acquisition of Supplies, Purchase of Services and Financial Assistance:

1. Micro Purchase - \$3,000 or less
  - ▶ Quotes not required as long as costs meet reasonable standards
2. Small Purchase - \$3,000.01 to \$150,000
  - ▶ Competitive quotes must be obtained "from a number of qualified sources" – Generally defined as at least three.
3. Sealed Bids and Competitive Quotes required for purchases over \$150,000

# Post-Award Requirements

## 200.302 Financial Management

- ▶ Each state and non-Federal entity financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific term and conditions.
- ▶ Funds must be traceable to a level of expenditures adequate to establish that the funds have been used according to Federal statutes, regulations, and the terms and conditions of the federal award.

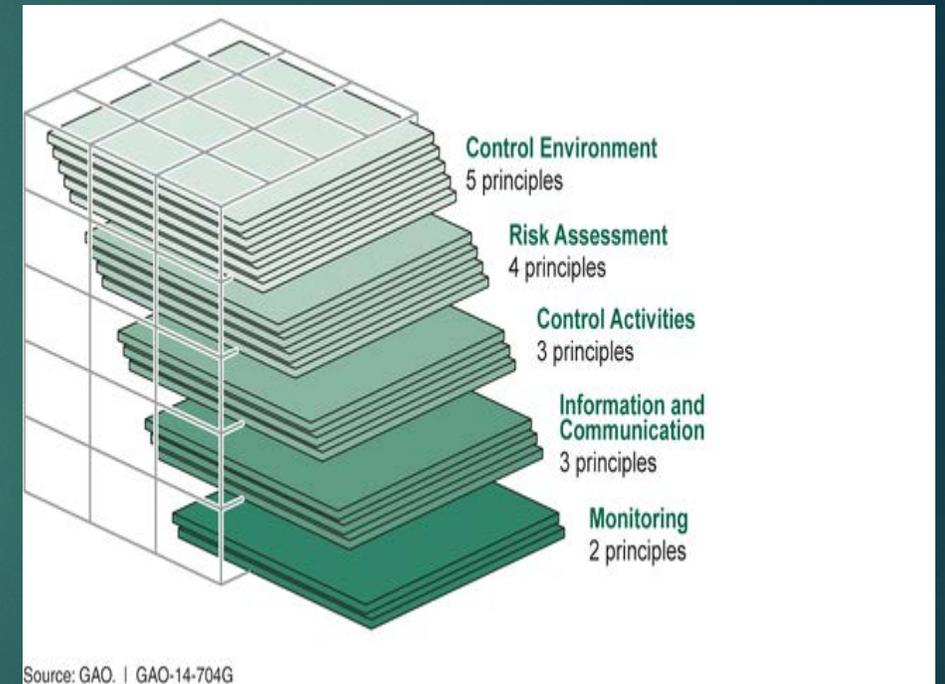
# Post-Award Requirements

- ▶ 200.302 Financial Management, cont.
- ▶ State and non-Federal entities must be able to:
  - ▶ Identify receipts and expenditures, including the CFDA title and #, FAIN and year, name of federal agency and pass-through entity (if any).
  - ▶ Report accurate, current and complete disclosure of financial results
  - ▶ Adequately maintain the source and application of funds and be supported by source documentation
  - ▶ Demonstrate adequate control over and accountability of all funds, property and other assets; including comparison of budget to expenditures and have written procedures to implement requirements of payment, as well as allowability of costs.

# Post-Award Requirements

## 200.303 Internal Controls

- ▶ Entities must establish and maintain effective internal control over Federal awards in compliance with:
  - Standards for internal control in the Federal Government (Comptroller General of the United States) – “Green Book” .
    - Five components of internal control with 13 total principles
    - <http://www.gao.gov/assets/670/665712.pdf>
  - “Internal Control Integrated Framework” – Published by COSO.org (“aka” Treadway Commission)



# Post-Award Requirements

## ▶ 200.303 Internal Controls

### ▶ Non-Federal Entities (includes DHHS) Must:

1. Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards
2. Evaluate and monitor compliance
3. Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.
4. Take reasonable measures to safeguard personally identifiable information

# Post-Award Requirements

## 200.305 Payment



▶ Non-Federal Entities:

1. Must be paid in advance provided it maintains written procedures for expending funds and has financial management systems that meet standards for control and accountability
  - ▶ Advances limited to monthly expenses
2. No requirement for separate deposit accounts
3. Program income must be used before reimbursement is issued

# Post-Award Requirements

## 200.305 Payment

▶ Non-Federal Entities:

4. Funds must be deposited into an insured account when possible.
5. Entities must maintain Advanced Payments in an interest bearing account.

▶ UNLESS:

- Entity received less than \$120,000 in Federal awards per year
  - Would not earn at least \$500 in interest per year
  - Minimum balance requirement is too high to keep in insured account
6. All interest greater than \$500 must be remitted to the award provider.



# Post-Award Requirements

## 200.313 Equipment

- ▶ May be used on other projects as long as it doesn't interfere with use for the project it was intended for
- ▶ May be used to provide services for a fee, but fees charged for use must not be less than private companies charge for equivalent services.
  - ▶ Fees earned must be treated as program income and used accordingly

# Post-Award Requirements

## 200.453 Materials and supplies costs, including costs of computing devices

- Computing Devices that cost \$5,000 or less are now considered supply items and not equipment and can be charged as a direct cost.

If over \$5,000, must be capitalized as equipment & depreciated



# Post-Award Requirements

## Audit Requirements:

- ▶ Single Audit threshold raised to \$750,000 (formerly \$500,000)
- ▶ Threshold to report audit findings (questioned costs) = \$25,000 (formerly \$10,000)
- ▶ Percentage of audited Federal expenditures:
  - ▶ Type A (low risk) now only 20% (formally 25%)
  - ▶ Type B (high risk) now only 40% (formally 50%)
- ▶ Audit reports required to be made available online to the public
  - ▶ <http://www.usaspending.gov/>

# For questions or consultation please contact:

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# Helpful Resources

- ▶ OMB Omni Circular: <http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>
- ▶ Maximus – OMB Uniform Guidance: <http://www.maximus.com/higher-education/omb-uniform-guidance>
- ▶ United States Chief Financial Officers Council (CFO) – FAQ's: <https://cfo.gov/wp-content/uploads/2013/01/2-C.F.R.-200-FAQs-2-12-2014.pdf>
- ▶ [http://www.washington.edu/research/.SITEPARTS/.documents/.or/FAQs\\_COFAR\\_20140829.pdf](http://www.washington.edu/research/.SITEPARTS/.documents/.or/FAQs_COFAR_20140829.pdf)