

OVERVIEW OF THE OMNI CIRCULAR

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule

WHY THE OMNI (OR SUPER) CIRCULAR?

- An initiative to streamline guidance on administrative requirements, cost principles, and audit requirements for federal awards
- Government-wide framework for grants management
- Consolidation of administrative regulations (circulars)
- One arm of government's effort to strengthen program outcomes

Final Guidance Uniform Administrative Requirements,
Cost Principles and Audit Requirements for Federal Awards

What Are The Goals Of The Omni Circular?

- To provide a uniform government-wide framework for grants management
- Strengthen oversight of Federal funding
- Increase efficiencies and effectiveness of Federal award making processes
- Reduce administrative burden for non-Federal organizations, that is grantees, receiving Federal awards
- Consolidate circulars into one place for clarity and accessibility

High Level Goals of Omni Circular

Related Circulars Impacted By Final Rule

A-2	Cost Principles for Educational Institutions
A-50	Audit Follow Up—Related to Single Audit
A-87	Cost Principles for State, Local and Indian Tribal Governments
A-89	Federal Domestic Assistance Program Information
A-102	Awards and Cooperative Agreements with State and Local Governments
A-110	Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals & Other Nonprofit Organizations
A-122	Cost Principles for Nonprofit Organizations
A-133	Audits of States, Local Governments & Nonprofit Organizations

The OMB Circulars that Uniform Administrative Requirements Supersede

Related Appendices for the Final Rule

Appendices: These are applicable to Higher Education Institutions	
Appendix I	Full text of the Funding Opportunity Notice
Appendix II	Contract provisions for non Federal entities
Appendix III	F & A Identification and assignment for Higher Education

The OMB Circulars that Uniform Administrative Requirements Supersede

Three Major Areas of Focus In the Omni Circular

Reforms to administrative requirements

Reform to cost principles

Audit requirements

Focus Areas of the Omni Circular

Key Reforms

Focus On Performance--includes	
• Authority for OMB to waive certain compliance requirements and approve new strategies for innovation	Section 200.102
• Fixed amount awards focused on meeting performance milestones (not currently relevant to GEAR UP projects)	Section 200.201
• Emphasis on performance goals and performance reporting	200.301

Key Reforms

Standardized Requirements--includes	
<ul style="list-style-type: none">• Notice of Funding Opportunities--<ul style="list-style-type: none">• Specifies 6 mandatory data elements, identifies full text that must be included in all funding opportunities announcements• Establishes minimum of 60 days that Federal agencies must give applicants to apply	Section 200.203 and Appendix I
<ul style="list-style-type: none">• Award, Application & Reporting Requirements—provides 15 standard data elements in all Federal awards; also flows down to sub-awards	200.210 200.301 200.327 200.328
<ul style="list-style-type: none">• Reform in payment of interest earned on Federal funds	200.305

Key Reforms

Stronger Oversight—emphasis on

Conflict of interest policies and procedures <ul style="list-style-type: none">• awarding agency must establish policies;• grantees must disclose potential conflict in writing	Section 200.112 200.113
Internal control guidance added to administrative requirements (Green Book and COSO applicable)	Section 200.303
Federal agencies to build on single audit results, rather than repeat procedures	Section 200.503
Sub-recipient monitoring requirements	Section 200.331

Oversight

Key Reforms

Financial and Program Management Requirements - Equipment

Property records must contain percentage of federal participation in the project costs for the federal award for which the equipment was purchased.	Section 200.313
Property records must contain the “use” of the equipment	Section 200.303
Reforms in methods of procurement—prescriptive list of 5 procurement methods to use in purchasing equipment with Federal funds	Section 200.320

Property Inventory & Records

Key Reforms

Cost Principles – Indirect Costs

Acceptance of approved indirect cost rate by Federal agency <ul style="list-style-type: none">Federal awarding agency must now accept approved negotiated rates unless otherwise limited by statute, regulations or approved by ED	Section 200.414
<ul style="list-style-type: none">Provides <i>de minimis</i> rate of 10% for organizations that do not have negotiated rates	Section 200.414
<ul style="list-style-type: none">Organizations with existing negotiated rates at the time of a grant application may be extended for up to 4 years	Section 200.414

Indirect Cost Rates

Key Reforms

Cost Principles—Administrative Costs as Direct Costs

Defines direct costs—clarifies that administrative costs may be treated as direct costs when they meet certain (four) conditions	Section 200.413
Organizations must meet all <u>four</u> conditions : <ol style="list-style-type: none">1. Administrative or clerical services are integral to the project or activity2. Individuals involved can be specifically identified with the grant or project activity3. The costs are explicitly included in budget at proposal or have prior written approval of grantee4. The costs are NOT also recovered as indirect co	Section 200.413

Administrative /Clerical Costs

Key Reforms

Cost Principles – Technology (Materials/Supplies)

Define that computers are supplies always/everywhere, and not equipment (with threshold below \$5,000)—regardless of length of useful life	Section 200.94
Clarify—computing devices charged as direct costs are allowable when they are <i>essential</i> and <i>allocable</i> , but <i>not solely dedicated</i> to the performance of a federal award	200.453
Provide flexibility with electronic document retention, and associated internal controls	200.335

Technology

Key Reforms

Cost Principles—Participant Support Costs

Now uniformly defined for all Federal agencies	Section 200.75
Budgeting of participant support costs <i>requires</i> prior approval	Section 200.456

Participant Support Costs

Key Reforms

Costs Principles—Conference Costs

Defined as “ <i>a meeting, retreat, seminar, symposium workshop or event</i> ”	Section 200.432
Appropriate costs paid by grantee as sponsor or host are allowable—discretion and judgment advised Must be managed well to minimize cost to Federal award	
Costs associated with <i>identifying</i> (but not providing) locally available dependent-care now allowable	

Conference Costs

Key Reforms

Cost Principles—Personal Services

Focus on high standards in maintaining strong internal controls to justify costs of salaries & wages—consistency with organization practices apply	Section 200.430
Personnel activity report not specifically required—emphasis shifts toward <i>appropriate</i> internal controls	
Salary charges based on budgeted amounts—no change here	

Time & Effort Reporting

Key Reforms

Other Items of Interest

There is now an explicit list of <i>items requiring prior written approval</i> applicable to all Federal agencies	Section 200.407
Fringe benefits—excessive severance unallowable	Section 200.431
Employee “morale” costs eliminated	Section 200.437
Entertainment costs not allowable, except when there is programmatic purpose in project and with prior approval	Section 200.438

Miscellaneous

Key Reforms

Other Items of Interest

Advertisement and public relations clarified—includes program outreach	Section 200.421
Publication & printing costs clarified—costs now allowable after grant period ends for publication of evaluation or research results	Section 200.461

Miscellaneous

Key Reforms

Audit (Subpart F)—Focus on risk

Increased audit threshold from \$500k to \$750K

Criteria updated—moved toward risk-based approach

Greater transparency of audit results—single audit reports to be made available online

Agencies to increase use of single audit process

Final Comments

The Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards—

- Do not broaden the scope of existing requirements affecting Federal awards
- Do not eliminate or modify GEAR UP statute, or regulations
- Nor do they supersede any existing or future authority under law

Omni Circular Does Not...

HIERARCHY OF PRECEDENCE

