



OMB OMNI-Circular


Presented by
Sam Pauley, Coordinator
WVDE Office of School Finance






What is the OMNI-Circular?


The OMNI-Circular, previously known as OMB Super Circular, is guidance for Federal awards which combines and replaces eight former OMB circulars in order to achieve a more efficient, effective, and transparent government.







Timeline


- February 1, 2013 – OMB issued for comment proposed guidance titled, “Proposed OMB Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards
- June 2, 2013 – 120 day comment period ended
- December 26, 2013 – Final regulations were issued




 **Objectives**


- Streamline guidance for Federal awards
- Ease administrative burden
- Strengthen oversight to reduce risks of waste, fraud, and abuse
- Eliminate unnecessary compliance requirements
- Provide for outcome-focused and cost-effective grant-making designs




 **Which Circulars are Affected?**


- **A-21**, Cost Principles for Educational Institutions
- **A-50**, Audit Follow-up
- **A-87**, Cost Principals for State, Local, and Indian Tribal Governments
- **A-89**, Catalog of Federal Domestic Assistance
- **A-102**, Grants and Cooperative Agreements with State and Local Governments




 **Which Circulars are Affected?**

- **A-110**, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
- **A-122**, Cost Principles for Non-Profit Organizations
- **A-133**, Audits of States, Local Governments, and Non-Profit Organizations





Which Circulars Affect School Boards?


- **Circular A-87**, Cost Principles for State, Local, and Indian Tribal Governments
- **Circular A-102**, Grants and Cooperative Agreements with State and Local Governments
- **Circular A-133**, Audits of States, Local Governments, and Non-Profit Organizations





Effective Date


- The OMNI-Circular is effective for Federal Agencies as of its date of publication (Dec. 26, 2013)
- Federal Agencies have one year from the final publication date to implement the new regulations
 - Revised EDGAR was to be released in draft by June 26, 2014
 - If accepted by OMB, revised EDGAR would be effective Dec. 26, 2014




What Does This Mean?


- Administrative requirements and cost principles will apply to all new Federal awards and to additional funding of existing awards made after Dec. 26, 2014.
- Existing Federal awards will continue to be governed by the requirements in place at the time of the award
- The new audit requirements will be effective for fiscal years beginning after Dec. 25, 2014 (FY16 for BOEs)




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What Types of Entities are Affected?


- All non-Federal entities expending Federal awards as either a direct recipient, sub-recipient, or pass-through entity
- No longer a need to know which circulars apply to a specific entity




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OMNI-Circular Contents

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D – Post-Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements
- Appendices





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What Really Changed?


The OMNI-Circular did not entirely change the eight consolidated circulars. However, there were notable differences in the following areas:


- Cost principles
- Time and effort
- Audit requirements
- Pass-through entity requirements





Cost Principles (Subpart E)


- Consolidated the cost principles of A-21 (Educational Institutions), A-87 (State, Local, and Indian Tribal Governments), and A-122 (Non-Profits) into one circular
- Several selected items of cost were clarified and expanded upon. Always refer to OMB guidance when unsure of whether a specific cost is allowable





Cost Principles (Continued)


- Indirect costs for LEAs are included in Appendix VII (State & Local Governments and Indian Tribe Indirect Cost Proposals) to Part 200 of the OMNI-Circular
- None of the indirect cost revisions contained in the OMNI-Circular affected LEAs.




Time and Effort Reporting


- Charges for salaries must be based on records that accurately reflect the work performed
- These records must be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable, and properly allocated.
- Budget estimates alone will not be sufficient
- Acceptable to allocate sampled employees' supervisors, clerical, and support staff, based on results of sampled employees.




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Time and Effort (Continued)


- Time and effort reports are not specifically required (although it may still be a good idea!)
- The focus of the new guidance on overall internal control mitigates the risk that a non-Federal entity or their auditor will focus solely on prescribed procedures such as reports, certifications, or certification time periods which alone may be ineffective in assuring full accountability


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Audit Requirements (Subpart F)


- Single Audit threshold raised from \$500,000 to \$750,000.
 - Reduces audit burden for approximately 5,000 non-Federal entities
 - Maintains Single Audit coverage over 99% of the Federal dollars currently covered


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Audit Requirements (Continued)


- Peer reviews have been added to the factors to consider in selecting an auditor.
- The threshold for reporting known questioned costs has been increased from \$10,000 to \$25,000.
 - Can potentially reduce the number of published audit findings, which may reduce the likelihood of a program being classified as high risk in future audit engagements

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Audit Requirements (Continued)


- Minimum Type A program threshold increased from \$300,000 to \$750,000 (for Federal awards expended equal to \$750,000 but less than or equal to \$25 million)
 - Was \$500,000 in the proposed language
 - Intention was to make Type A threshold match the Single Audit threshold





Audit Requirements (Continued)

- Type A Program risk assessment – the criteria for prior year findings that preclude a Type A Program from being low risk in the current year has been narrowed to only findings which:
 - Caused the program to receive an opinion other than “unmodified”
 - Were material weaknesses in internal control over compliance
 - Represented known or likely questioned costs exceeding 5% of the program’s expenditures




Audit Requirements (Continued)


- Programs not labeled Type A must be labeled Type B programs.
- Auditor is only required to perform risk assessment on Type B programs that exceed 25% of the Type A threshold



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Audit Requirements (Continued)

- The auditor must identify Type B programs which are high-risk (HR). However, the auditor is not required to identify more high-risk Type B programs than at least 1/4th the number of low-risk Type A programs.
- The previous method gave two different options
 - ½ all HR Type B, but not more than all LR Type A
 - 1 HR Type B for each LR Type A




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Audit Requirements (Continued)

Criteria for Federal Program Risk


Type A Programs	Type B Programs
Federal & Pass-Through Oversight	Federal & Pass-Through Oversight
Results of Audit Follow-Up	Current & Prior Audit Experience
Changes in Program Personnel or Systems	Inherent Risk of the Federal Program
Audited in at least one of the two most recent audit periods	
Audit did not contain I/C deficiencies identified as material weaknesses (for the program)	
Audit did not contain a modified opinion on the programs	
Audit did not contain questioned costs exceeding 5% of Federal Awards expended	




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Audit Requirements (Continued)


- Criteria for determining a low-risk auditee expanded wording to include:
 - Data collection form and reporting package must have been submitted to the FAC timely
 - Financial statements must have been prepared in accordance with GAAP, or a basis of accounting required by state law.
 - Audit reports did not report a substantial doubt about the auditee's ability to continue as a going concern





Audit Requirements (Continued)


- Audit coverage for low risk auditees:
 - Auditors must audit enough major programs to encompass at least 20% of the total Federal Awards Expended
 - Decreased from 25%




Audit Requirements (Continued)


- Audit Coverage for auditees NOT meeting the qualifications of a low risk auditee:
 - Auditors must audit enough major programs to encompass at least 40% of the total Federal Awards Expended
 - Decreased from 50%





Audit Requirements (Continued)

Compliance Requirements


- Since the Compliance Supplement is published as part of a separate process, **NO** final changes were made to the number of compliance areas (reduction in number still expected).
- Further public outreach will be conducted prior to making any structural changes to the format of the Compliance Supplement to mitigate the risks of an inadvertent increase in administrative burden.




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Audit Requirements (Continued)

- Explicitly requires Federal agencies or pass-through entities to review the FAC for existing audits and to rely on those to the extent possible prior to commencing an additional audit.
- Removed language allowing Feds to grant audit extensions



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Audit Requirements (Continued)

- Requires the Schedule of Expenditures of Federal Awards (SEFA) to include:
 - Total Federal awards expended
 - Basis for determining federal awards expended
 - For clusters of programs:
 - The cluster name
 - Federal awarding agency's name
 - List of programs within the cluster




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Audit Requirements (Continued)


- Requires publication of the Single Audit Reports online with safeguards for protecting personally identifiable information
- Explicitly states that the FAC is the repository of record and authoritative source for Single Audit Reports; therefore, non-Federal entities and pass-through entities should obtain all Single Audit Reports directly from the FAC.




 **Audit Requirements (Continued)**


- NOT SO FAST! – W.Va. Code §6-9-7(f)(1) STILL requires auditors to send copies of the audit to both the Chief Inspector and the State Board of School Finance.
 - This requirement serves to notify the Chief Inspector and the Office of School Finance that the audits are complete and ready for review
 - Remind your auditors that copies of the audit must be sent in accordance with this W.Va. Code.




 **How Will These Changes Affect Us?**


- The major impact will be an increase in oversight by pass-through entities (i.e., WVDE!) due to:
 - Increase in Single Audit threshold
 - Decrease in number of compliance requirements
 - Decrease in required audit coverage




 **Pass-Through Responsibility**


- Subrecipient risk assessment
- Monitor the activities of the subrecipient to ensure subaward compliance
- Performance measuring using “Performance Metrics”
- Ensure that each subaward includes minimum, required information
- Consider whether results of monitoring indicates the need for adjustments of the pass-through entity’s own records
- Consider taking enforcement action against noncompliant subrecipients





Subrecipient Risk Assessment


- For monitoring purposes, pass-through entities must evaluate each subrecipient's risk of noncompliance with
 - Federal laws/regulations
 - State statutes
 - Award terms/conditions





Subrecipient Risk Assessment (Cont.)


- Risk Factors:
 - Subrecipient's prior experience with the same or similar subawards
 - The results of previous audits
 - Whether the subrecipient has new personnel or new or substantially changed systems
 - Results of Federal monitoring




Subrecipient Risk Assessment (Cont.)


- Pass-through entities may impose conditions on subawards based upon risk assessments
 - Shift to reimbursement basis awards
 - Withhold payments until evidence of acceptable performance
 - Require more reporting
 - Require additional monitoring
 - Require additional technical or management assistance
 - Establish additional prior approvals




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Required Monitoring Activities


- Reviewing financial and programmatic reports required by the pass-through entity
- Ensuring timely and appropriate corrective actions on all deficiencies
- Issue a “management decision” on audit findings




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Monitoring Tools


- The tools for monitoring will depend on the pass-through entity’s assessment of the subrecipient’s risk of noncompliance
 - Providing training and technical assistance
 - Performing on-site reviews of program operations
 - Arranging for agreed-upon-procedures
- Pass-through entities must verify that all subrecipients spending \$750,000 in Federal awards have single audits (regardless of risk assessment)



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Measuring Performance

- The non-Federal entity (county Board) must submit performance reports to the pass-through entity (WVDE) to best inform of improvements in program outcomes and productivity.
- Reports must be at intervals required by Feds or the pass-through entity but:
 - No less than annually
 - No more than quarterly



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Measuring Performance (cont.)

- Each performance report must contain the following information for each Federal Award:
 - Comparison of actual accomplishments to award objectives
 - When accomplishments can be quantified it may be required
 - If performance trend data is useful to the Federal award agency or pass-through, the information should be included as a requirement
 - Reasons for goals not being met
 - Explanations of cost overruns
 - Significant developments, problems, delays, adverse conditions
 - Favorable developments

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Measuring Performance (cont.)

- The US Dept. of Education is expected to implement the performance measures within revised EDGAR.

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Minimum Subaward Requirements


- Subrecipient Name, which must match registered name in DUNS
- Subrecipient's DUNS number
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Subaward period of performance start and end dates
- Amount of Federal Funds Obligated by the current action
- Total amount of Federal funds obligated to the subrecipient
- Total amount of the Federal award
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)

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Minimum Subaward Requirements


- Name of the Federal awarding agency, pass-through entity, and contact information for awarding official
- CFDA number and name
- Identification of whether the award is R&D
- The indirect cost rate for the Federal award
- All compliance requirements imposed by the pass-through entity to ensure that the Federal award is used in accordance with ALL Federal statutes, regulations, and terms and conditions
- Any additional requirements deemed necessary by the pass-through entity
- A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements
- Appropriate terms and conditions concerning closeout of the subaward



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Enforcement Actions Available


- Expanded upon sanctions available to pass-through entities when a subrecipient fails to comply with applicable laws and regulations
 - Temporarily withhold cash payments pending correction
 - Disallow all or part of the cost associated with the non-compliance
 - Wholly or partly suspend or terminate the award
 - Initiate suspension and debarment proceedings
 - Withhold further Federal awards for the project or program
 - Other remedies that may be legally available




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Enforcement Actions (cont.)


- A-133 only specifically stated sanctions that were available when subrecipients did not have required audits completed




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Resources

- **Full text of final guidance:** <https://federalregister.gov/a/2013-30465>
- **Crosswalks of existing guidance and uniform guidance:** http://www.whitehouse.gov/omb/grants_docs
 - Uniform Guidance crosswalk from predominant source in existing guidance
 - Uniform Guidance crosswalk to predominant source in existing guidance
 - Uniform Guidance cost principles text comparison
 - Uniform Guidance audit requirements text comparison
 - Uniform Guidance definitions text comparison
 - Uniform Guidance Administrative Requirements Text Comparison
- **Additional information on Federal grant management policies:** www.cfo.gov/cofar



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Questions?

