

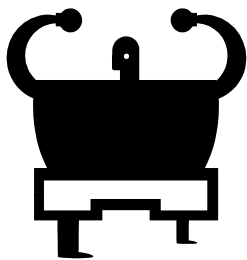
# OMB's Omni Guidance ...Worth the Wait?

RARA and Rivers Rats  
March 2014

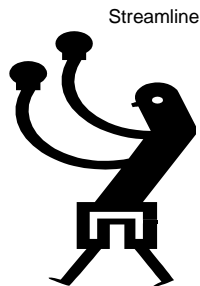


## What are the Goals of the Reform?

- Eliminate duplicative and conflicting guidance
- Accountability focus on performance versus compliance
- Encourage efficient use of information technology
- Provide consistent and transparent treatment of costs
- Limit allowable costs to make best use of federal resources
- Encourage non-federal entities to have family-friendly policies
- Strengthen oversight
- Target audit requirements on risk of waste, fraud and abuse



Reduce fraud, waste, abuse



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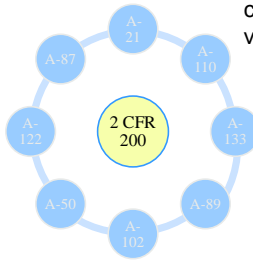
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The OMB Guidance is a combined, “simplified” version of 8 previous circulars

**2 CFR 200**

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




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### Streamlining of Related Circulars

- Revised document streamlines eight OMB Circulars into one document.
- Cost principles are consolidated into a single document with limited variations by type of entity.




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### Contents - Subparts

- A – Acronyms and Definitions (200.xx sections)
- B – General Provisions (200.1xx sections)
- C – Pre-Award Requirements (200.2xx sections)
- D – Post- Award Requirements (200.3xx sections)
- E – Cost Principles (200.4xx sections)
- F – Audit Requirements (200.5x sections)
- Appendices I - XI




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## OMB Guidance → Circulars

- Subpart A, Acronyms and Definitions → A-110, -21, -133
- Subpart B, General Provisions → A-110, -21, -133
- Subpart C, Pre-award Requirements and Contents of Federal Awards → A-110
- Subpart D, Post Federal Award Requirements → A-110, -133
- Subpart E, Cost Principles → A-21
- Subpart F, Audit Requirements → A-133
- Appendices → A-110, -21, -133



## Implementation Timeline

- Federal agencies must implement the requirements effective 12/26/14.
- Administrative requirements and cost principles will apply to new awards and funding increments to existing awards made after 12/26/14.
- Existing federal awards will continue to be governed by the terms and conditions of the original award.



## Subpart A

- Modified Total Direct Cost definition [200.68]
  - Participant costs are still excluded.
  - Defined to exclude rental costs (not rental of facilities as in OMB Circular A-21)
  - Provides exclusion of non-typically excluded items only when necessary to avoid a serious inequity in the distribution of indirect costs and with the approval of the cognizant agency for indirect costs.



## Subpart A

- New Emphasis on Personally Identifiable Information [200.79]
  - Information that can be used to distinguish or trace an individual's identity (e.g. last name in combination with social security number, passport number, credit card numbers, mother's maiden name)
- Clarification Regarding Computing Supplies [200.94]
  - A computing device is a supply if the acquisition cost is less than the lesser of the UR's capitalization threshold or \$5,000, regardless of the length of its useful life.



## Subpart B

- Conflicts of Interest [200.112]
  - Each federal agency must establish conflict of interest policies for their awards.



## Subpart C

- Requires agencies to make all funding opportunities available for application for at least 60 calendar days [200.203]
- Requires review of merit and review of risk [200.204, 200.205]
- Requires agencies not to add additional application requirements beyond OMB approved data elements [200.206]



## Subpart D

- Performance Measurement [200.301]
  - The federal agency must require recipient to relate financial data to performance requirements of the federal award and recipient must provide cost information to demonstrate cost effective practices (e.g. unit cost data)...as appropriate and in accordance with above mentioned information collections.

*How will "must" be interpreted and implemented by the awarding agencies?*



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## Subpart D

- Cost Sharing [200.306]
  - Under federal research proposals, voluntary committed cost sharing cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and is specified in a notice of funding opportunity.



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## Subpart D

- Program Income [200.307]
  - Program income earned from IP license fees is no longer mentioned as an exclusion from the program income definition.
- Revisions of Budget and Program Plans [200.308]
  - Prior approval is needed for transfers from participant support cost line item.
  - Restriction on re-budgeting of training costs has been removed.
  - Prior approval is needed for 25% reduction, or greater than 3 months absence, of PI
  - When requesting approval for budget revisions, use same format as original application, unless otherwise indicated.
  - Federal agency has 30 days to review and respond to requests.



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## Subpart D

- General Procurement Standards [200.318]
  - Federal agencies can only use time and material type contracts when no other contract is suitable and if the contract includes a ceiling price.
  - Maintain records sufficient to detail the history of the procurement transaction
- More emphasis on competition and competitive bids [200.319]



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## Subpart D

- Contract Cost and Price [200.320 and 200.323]
  - Micro-purchase method applies if the aggregate amount of a purchase does not exceed \$3,000 – i.e., no competitive quotes needed as long as the price is deemed to be reasonable.
  - Small purchase procedures, sealed bids, competitive proposal and non-competitive proposal requirements apply for purchases equal to or greater than \$3,000.
  - A cost or price analysis must be performed for every procurement action in excess of \$150,000.



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## Subpart D

- Financial Reporting [200.327]
  - Agency can require more than quarterly financial reporting in unusual circumstances (i.e., if deemed necessary for effective monitoring of programmatic outcomes).
- Monitoring and Reporting Program Performance [200.328]
  - Between reporting dates, disclose favorable developments which enable meeting time schedules and objectives sooner, or at less cost than anticipated, or producing more or different beneficial results than originally planned.
- Fixed Amount Subawards [200.332]
  - Non-federal entity may provide fixed price subawards up to \$150,000 with prior written approval; otherwise agency approval is needed before issuing a fixed price subaward.



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## Subpart D

- Requirements for Pass-Through Entities [200.331]
  - Subaward requires additional identifiers (e.g. subrecipient's DUNS name and DUNS number)
  - Must use subrecipient's approved federally negotiated F&A rate or a de minimis rate of 10% if no negotiated rate exists
  - Monitoring must always include
    - (1) reviewing financial and programmatic reports;
    - (2) ensuring timely action on findings from audits and on-site reviews; and
    - (3) ensuring a management decision is in place for audit findings pertaining to the award.



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## Subpart D

- Requirements for Pass-Through Entities (cont.)
  - Subaward monitoring plan must be based on assessment of subrecipient's risk of noncompliance.
- Additional monitoring could include:
  - Providing subrecipients with training and technical assistance
  - Performing on-site reviews
  - Arranging for agreed-upon procedures engagements
- Increase in number of subrecipients without audit reports (Single Audit threshold to be raised to \$750,000)



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## Subpart D

- Record Retention and Access [200.333]
  - When recipient must report program income after the period of performance, the retention period pertaining to the program income starts from the end date of the recipient's fiscal year in which the program income was earned.
- Methods for Collection, Transmission and Storage of Information [200.335]
  - Whenever practicable collect, transmit and store federal award-related information in open and machine-readable formats rather than paper.
  - When original records are paper, electronic versions may be substituted provided they are subject to periodic quality control reviews, are safeguarded, and remain readable.



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## Subpart E

- **General Principle [200.400]**
  - Recipient cannot earn or keep any profit from assistance awards, unless expressly authorized by the terms of the award.
- **Factors Affecting Allowability of Costs [200.403]**
  - Costs need to be adequately documented (i.e., not only be necessary, reasonable, allocable)
- **Prior Written Approval [200.407]**
  - When reasonableness and allocability of special or unusual costs are difficult to determine, it is possible to obtain prior approval of the awarding agency.



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## Subpart E

- **Direct Costs [200.413]**
  - Direct charging of administrative and clerical costs may be appropriate if all the following conditions are met:
    - (1) they are integral to the project;
    - (2) individuals can be specifically identified with the project;
    - (3) the costs are explicitly included in the budget or received prior written approval; and
    - (4) the costs are not also recovered as indirect costs.



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## Subpart E

- **Indirect Costs [200.414]**
  - An entity's negotiated rate must be accepted by a federal awarding agency.
  - An entity can apply for a one-time extension (up to four years) of a current F&A rate.
- **Communication Costs** – This selected item of cost in OMB A-21 is not in the Omni Guidance.
- **Compensation – Personal Services [200.430]**
  - Guidance has been broadened with the absence of specific examples
  - Essential principles for accountability based on strong internal controls



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## Subpart E

- Compensation – Personal Services (cont.)
  - Acknowledges that many entities may continue to rely on existing procedures and systems
  - Removed reference to “certification/certify”
  - Removed reference to “independent internal evaluation”
  - Added concept of Institutional Base Salary (IBS)
  - Emphasis on written policies and definition of IBS



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## Subpart E

- Compensation – Personal Services (cont.)

Section (i) is “Standards for Documentation of Personnel Expenses”

  - Charges must reflect actual work performed and records must be supported by internal controls & incorporated into official records
  - Reasonable reflection of total effort (encompass federal and other activities on an integrated basis)
  - Budget estimates are allowable if (a) system produces a reasonable approximation; (b) significant changes are incorporated in a timely manner (1-2 months); and (c) after-the-fact review occurs, and any needed adjustments are made.



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## Subpart E

- Required Certifications [200.415]
  - New, stronger language for financial reports

*“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.”*

  - Might result in new, more formal, internal sign off processes



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## Subpart E

- Conferences [200.432]
  - Ensure costs are appropriate, necessary and managed in a manner that minimizes costs to the federal award
  - Costs of identifying, but not providing, locally available dependent-care resources are allowable.
  
- Entertainment Costs [200.438]
  - Unallowable, except where there is a programmatic purpose
  - Needs prior approval
  
- Goods and Services for Personal Use [200.445]
  - Costs of housing, housing allowances and personal living expenses are only allowable as direct costs if approved in advance by the federal awarding agency.



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## Subpart E

- Losses on Other Awards or Contracts [200.451]
    - Specific reference to inclusion of losses when compiling the cost data for the F&A rate calculation/negotiation
- “...any excess of costs over authorized funding levels transferred from any award or contract to another award or contract is unallowable. All losses are not allowable indirect (F&A) costs and are required to be included in the appropriate indirect cost rate base for allocation of indirect costs.”*



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## Subpart E

- Materials and Supplies [200.453]
  - Computing devices are allowable as direct costs if essential and allocable, but not solely dedicated, to the award.
  
- Publication Costs [200.461]
  - Can be charged before close out if not incurred during the period of performance
  - Applicable to sharing of research results as well
  
- Recruiting Costs [200.463]
  - Short-term visa costs (as opposed to longer-term, immigration visas) are generally allowable.
  - Short-term visas are issued for a specific period and purpose and should be clearly identified as directly connected to work performed on the award.
  - Must be critical and necessary for the conduct of the project



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## Subpart E

- Relocation Costs [200.464]
  - Must be (1) for benefit of employees; (2) in accordance with established, written policy; (3) does not exceed actual expenses; and (4) is subject to limitations in 200.464.b.
  - There are consequences if new employee resigns for reasons within the employee's control within 12 months after hire.
  - Specific unallowable costs are mentioned in the document.
- Travel Costs [200.474]
  - Temporary dependent care costs above and beyond regular dependent care that directly results from travel to conferences is allowable provided that (1) the costs are a direct result of the individual's travel for the federal award; (2) the costs are consistent with the institution's documented travel policy for all entity travel; and (3) are only temporary during the travel period.



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## Subpart F

- Audit Findings [200.516]

The independent auditor must report:

  - known questioned costs, or likely questioned costs, that are greater than \$25,000 for a major program; and
  - known questioned costs that are greater than \$25,000 for a program not determined to be a major program.



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## Where Can You Read More?

- [Whitehouse.gov/omb/grants\\_docs](http://Whitehouse.gov/omb/grants_docs)
  - Crosswalks and side-by-sides
  - Find revised sections of old guidance
  - Show old language next to the new language
- [Cfo.gov/COFAR](http://Cfo.gov/COFAR)
  - Recorded webcasts
  - Future webcasts are planned



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Comments and Questions?

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