



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Office of Housing Counseling
OMB Omni Circular Training
SHFAs, MSOs and Intermediaries



Presented by Robin L. Booth, CPA
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FACILITATOR

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PURPOSE OF TRAINING

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- Review major changes to the OMB Omni-Circular impacting the financial and administrative requirements for State Housing Finance Authorities (SHFAs), Multi-State Organizations (MSOs) and Intermediaries
- Provide guidance to SHFAs, MSOs and Intermediaries on implementing the financial and administrative changes required to comply with the HUD housing counseling grant.
- Provide a guidance and best practices for assisting SHFAs, MSOs and Intermediaries to meet the requirement standards.



OVERVIEW OF THE OMB OMNI-CIRCULAR



What Is the OMB Omni-Circular?

- Referred to as the Omni Guidance, the Omni-Circular and Super Circular
- Title 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award

OMB Circulars Consolidated into a Single Guide, Title 2 CFR Part 200

Cost Principles

- A-21, Educational Institutions (05/10/2004) [HTML](#),
[Relocated to 2 CFR, Part 220](#)
- A-87, State and Local Governments
(05/10/2004), [Relocated to 2 CFR, Part 225](#)
- A-122, Non-Profit Organizations (05/10/2004),
[Relocated to 2 CFR, Part 230](#)

OMB Circulars Consolidated into a Single Guide, Title 2 CFR Part 200

Administrative Requirements

- [A-102](#), State and Local Governments (10/07/1994, amended 08/29/1997) and
- [A-110](#), Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (11/19/1993, amended 09/30/1999, [Relocated to 2 CFR, Part 215](#))

Audit Requirements

[A-133, Audits of States, Local Governments and Non-Profit Organizations](#) (includes revisions published in the *Federal Register* 06/27/2003 and 06/26/2007)

What's New



- Eliminates duplication and reduces administrative burden
- Strengthens oversight and reduces potential for waste, fraud, and abuse
- Standardizes financial award management requirements across all Federal agencies
- Fosters efficiencies and effectiveness in Federal award making process (i.e. best practices and best use of funds)
- Consistent treatment of direct and indirect costs while reducing administrative burden

Applicability

- All Non-Federal entities awarded Federal funds as either a direct recipient, subrecipient, or pass-through entity
- No longer a need to know which circulars apply to a specific entity
- If a Federal program, statute, or regulation differs from the Omni-Circular, then the statute/regulation governs.

Implementation

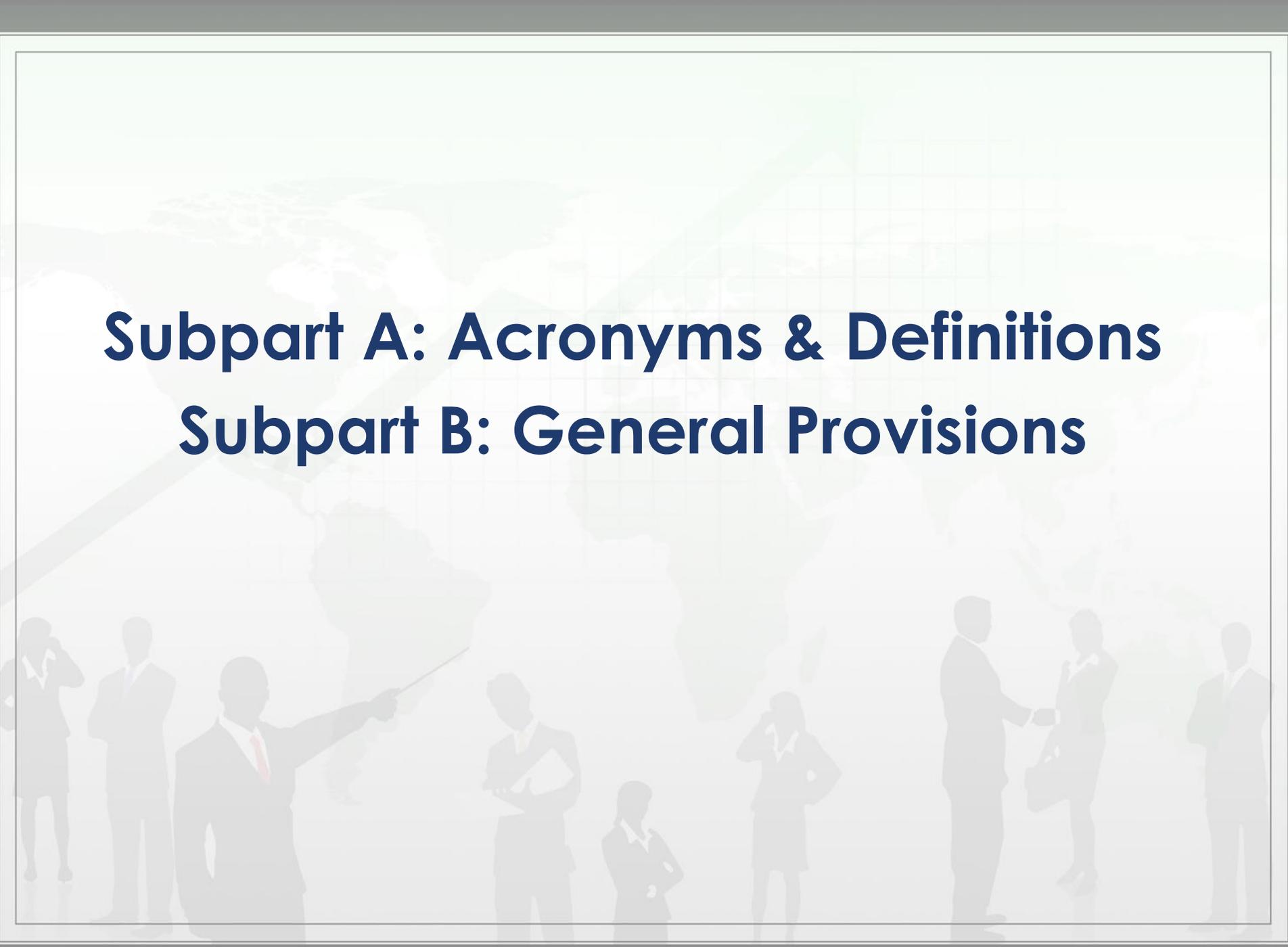
12/26/2014: Uniform implementation for all subparts except Subpart F. Applicable to new and incremental funding awarded on or after this date.

7/1/2015: Beginning of FY 16. Subpart F (Audit Requirements) becomes effective.

7/1/2016: Beginning of FY17. Procurement regulations become effective.

Major Change of Focus

- The focus shifts from **compliance** to **performance**.
- Auditors (A-133 + Federal OIG) and Monitors (Federal and State Pass-Through) must look more to **outcomes** than to **process**.
- Major emphasis is on accountability with enhanced policies designed to protect against waste, fraud, and abuse (i.e. new certification requirements).
- Any official who can legally bind the non- Federal agency must sign a certification on annual and final fiscal reports.



Subpart A: Acronyms & Definitions
Subpart B: General Provisions

Subpart A: Acronyms & Definitions

- Acronyms and Definitions provided concerning the OMB Omni-Circular
- Convenient on-line look-up resource
<http://www.whitehouse.gov/omb/circulars>



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ABOUT

Leadership

OMB Organization Chart

Open Government Plan

Circulars

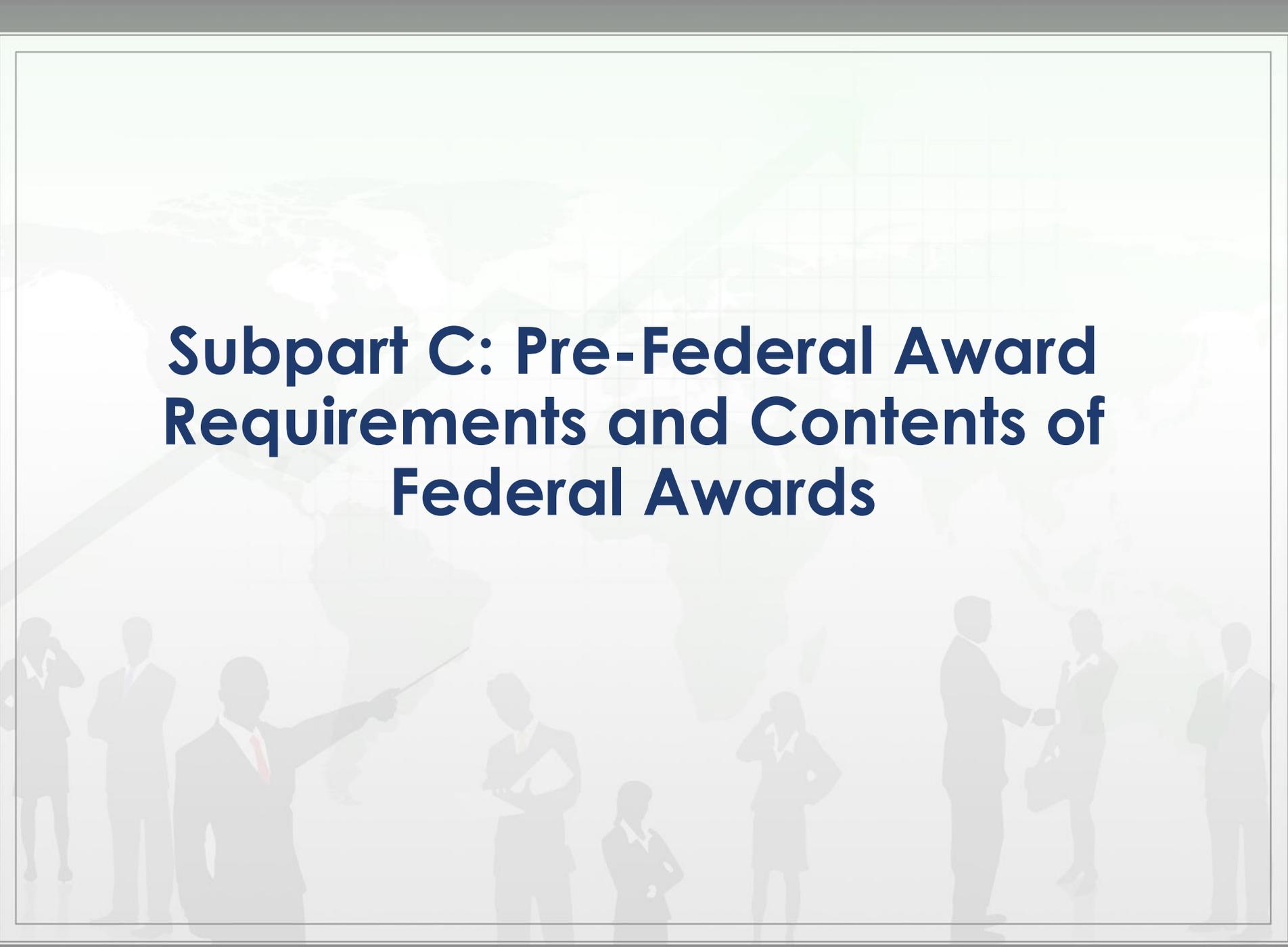
Some of the documents on this page were created as PDFs
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200.203 Internal Controls

- Moves guidance that previously was only discussed in audit requirements (which are often only considered after the funds have been spent) into the administrative requirements to encourage non-Federal entities to better structure their internal controls earlier in the process.

Subpart B: General Provisions

- **200.112:** Non-Federal entities are required to disclose in writing any potential conflicts of interest to the Federal awarding agency or pass-through entity.
- **200.113:** Mandatory disclosure of all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award(s) must be made to the Federal or pass-through entity.

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Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards

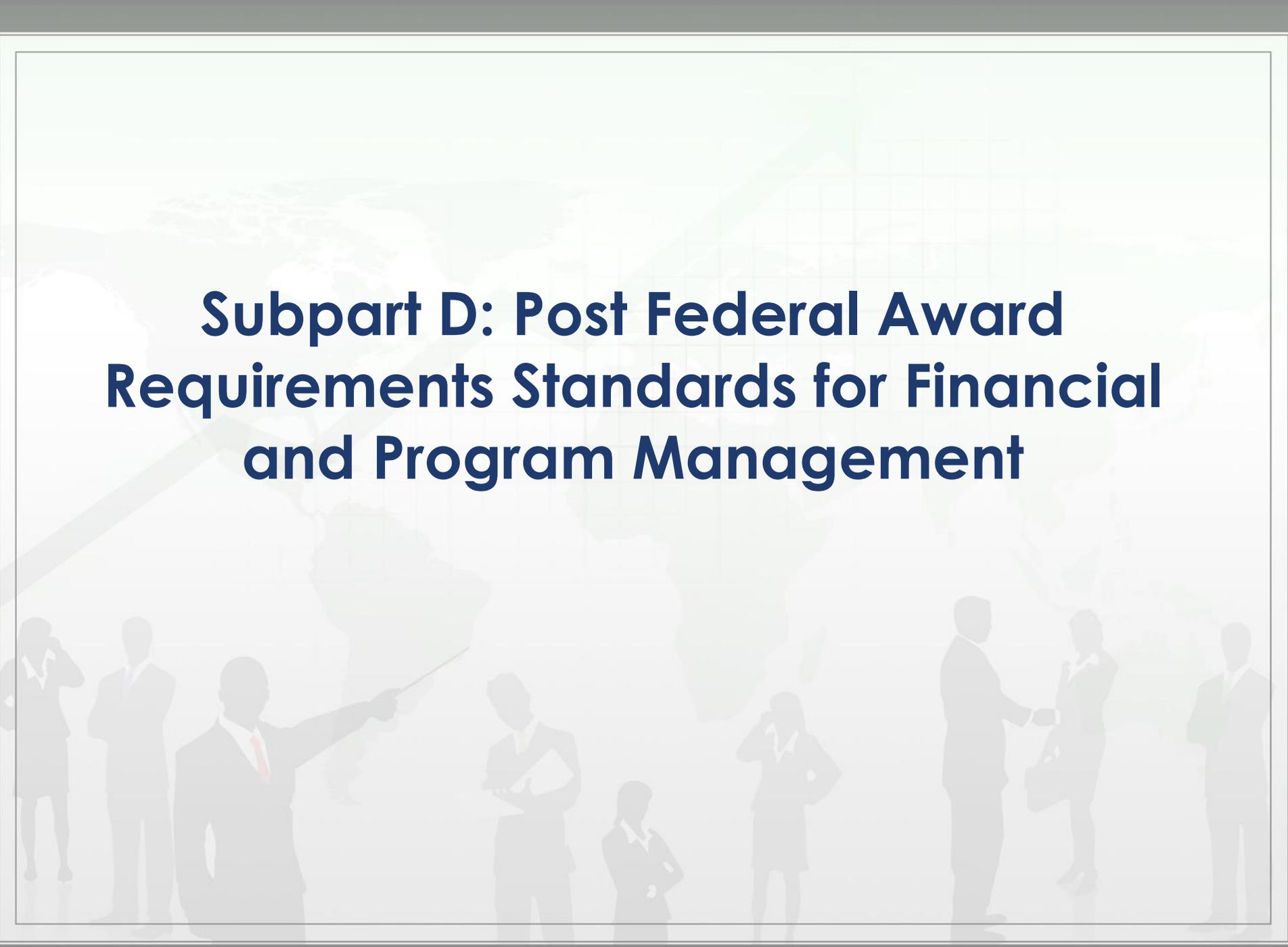
200.208 Certifications and Representations

Certification statement for all annual financial reports and requests for payments:

“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.”

Subpart C: Pre-Award Requirements

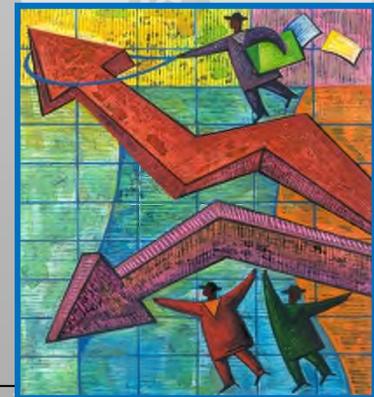
- The Federal agency or pass-through agency determines the appropriate instrument for the Federal award (i.e., grant, contract, or co-operative agreement).
- New guidance for fixed amount awards are:
 - Payments based on specific award requirements
 - Accountability based on performance
 - Cost principles used as a guide for negotiating award amounts
 - Significant changes to the agreement
 - Non- Federal agency limited to actual cost
 - Changes of key persons (project leaders) or scope of effort requiring prior approval

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Subpart D: Post Federal Award Requirements Standards for Financial and Program Management

200.301 Performance Measurement

- Recipients must use standard government-wide information collection when providing financial and performance information and to relate the data to performance.
- Recipients must also provide cost information to demonstrate cost effective practices (e.g., through unit cost data).
- The Federal awarding agency should provide recipients with clear performance goals, indicators, and milestones to report.



200.303 Internal Controls

- Recipients are required to have internal controls in place that safeguard assets and provide reasonable assurance of compliance with Federal statutes and regulations.
- The following are available resources:
 - **Standards for Internal Control in the Federal Government** (Green Book) issued by the Comptroller General
 - **Internal Control Framework** issued by the Committee on Sponsoring Organizations (COSO)
 - **Appendix XI, Compliance Supplement – Part 6 Internal Control** (currently follows COSO but will consider both the Green Book and COSO in the 2015 update (200.514(c)(1))

200.308 Revision of Budget and Program Plans

Recipients are required to:

- Report deviations from budget or project scope or objective
- Request prior approvals from Federal awarding agencies for changes in scope or key persons and any other significant change to the program budget



200.318 General Procurement Standards

- Have their own written procurement procedures, which must comply with both state and Federal laws and regulations.
- Maintain oversight to ensure contractors comply with the terms and conditions of contracts and purchase orders.
- Written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of contracts.
- Records sufficient to detail the history of procurement.

200.318 General Procurement Standards

Five procurement methods prescribed:

1. Procurement by micro-purchases (new procedure, \$3,000 threshold, no competition required).
2. Procurement by small purchase procedures (simplified acquisition threshold).
3. Procurement by sealed bids (formal advertising).
4. Procurement by Competitive Proposal (used when sealed bid method ID is not appropriate).
5. Procurement by noncompetitive proposals (sole source).

200.328 Monitoring and Reporting Program Performance

- Responsible for oversight of the Federal award supported activities.
- Monitor activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved.
- Monitoring must cover each program, function or activity.
- Performance reports are required at the interval required by the Federal awarding agency or pass-through entity, but at least annually.

200.331 Requirements for Pass Through Entities

- Accept indirect cost rates negotiated at the Federal level, negotiate a rate in accordance with Federal guidelines, or provide the minimum flat rate.
- Perform subrecipient risk assessment
- Monitor the activities of the sub-recipient to ensure sub-award compliance
- Performance measuring using “Performance Metrics”
- Ensure that each sub-award 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 sub-recipients

200.333 Retention Requirements for Records

Financial records, supporting documents, statistical records, and all other non-pertinent to a Federal award:

1. Must be retained for a period of three years from the date of submission of the final expenditure report or;
2. For Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively.

200.333 Retention Requirements for Records

Exceptions to the three-year retention period include:

- Litigation, claim, or audit records must be retained until resolution and final action is taken.
- Written notification is given by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- For indirect cost rate proposals and cost allocations plans submitted for negotiation, the three year period begins on the date submitted.
- If indirect rate cost proposals are not submitted for negotiation, the three-year period begins at the end of the fiscal year covered by the proposal.

200.343 Closeout

Language modified to:

- Extend the closeout period for an award from 180 days to one year;
- Clarify language that non-Federal entities have 90 days from the end date of the period of performance to submit all final reports, and;
- Clarifies that the one-year period begins once final reports have been received from the non-Federal entity.

Sub recipient Monitoring and Management includes requirement for recipient to inform sub recipients of closeout procedures.

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Subpart E: Cost Principles

200.407 Prior Written Approval

- Identifies 22 instances where prior written approval may be sought.
- Prior written approval should include the timeframe or scope of the agreement.



200.413 Direct Costs

- Administrative & Clerical Salaries - clarifies that salaries of administrative and clerical staff should be treated as indirect (F&A) costs.
- Does not identify any specific type of grants on which administrative/clerical salaries would be appropriate. Such costs may be sought on grants that are not designated as a “major project.”
- Direct charging of these costs may be appropriate if the following conditions are satisfied:
 - The services are integral to a project or activity;
 - Individuals involved can be specifically identified with the project or activity;
 - Such costs are explicitly included in the budget or have the prior written approval from the federal agency; and
 - The costs are not also recovered as indirect costs (F&A)

200.414 Indirect (F&A) Costs

MAJOR ORGANIZATIONS (= < \$10 MILLION IN FEDERAL FUNDING)

- Indirect (F&A) costs must be classified within two broad categories: Facilities and Administration.
- The negotiated rates must be accepted by all Federal awarding agencies (except if required to use a different rate by statute or by approval of an awarding agency department head for justifiable reasons).
- If there is a federally negotiated indirect cost rate may apply for a one-time extension of a current negotiated indirect cost rate for a period of up to four years, and if approved, the entity cannot have a rate review until the end of the extension.

NON MAJOR ORGANIZATIONS

- May elect to use a de minimis rate of 10% of modified total direct costs if no negotiated rate.

Various Sections: Allowable and Unallowable Costs

- Advertising (200.421) is allowed but only for the following:
 - Recruitment
 - Procurement of goods
 - Disposal of materials
 - Program outreach
 - Public relations (in limited circumstances)
- Alcoholic Beverages (200.423) unallowed
- Audit Costs (200.425)
 - A reasonably proportionate share of the costs per the Single Audit Act is allowable.
 - Other audit costs are allowable if included in a cost allocation plan.

Various Sections: Allowable and Unallowable Costs

§200.431 Compensation—Fringe Benefits.

The cost of compensation paid to employees for authorized absences, payments for unused leave when an employee retires or terminates employment, and actual claims for workers compensation, unemployment compensation, severance pay, and similar benefits are allowable as indirect costs. Cost must be recognized in the period that the leave is taken and paid for when the entity uses the cash basis of accounting.

Various Sections: Allowable and Unallowable Costs

Conferences §200.432

- Clarifies allowable conference spending and requires conference hosts/sponsors to exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award.
- For hosts of conferences, the costs of identifying (but not providing) locally available child-care resources are allowable.

Various Sections: Allowable and Unallowable Costs

Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals, and Patent Infringements 200.435

- The previous rule is generally allowable (unless prosecuting claims against the government).
- Audit defense fees are not allowed if there is a liability; they are allowed when there is no liability and the costs are reasonable, necessary, and authorized with a Federal official's approval for up to 80%.
- Attorney fees to the U.S. Court of Appeals from a final decision by an agency are not allowable.

Various Sections: Allowable and Unallowable Costs

Employee Health and Welfare 200.437

- Health or first aid clinics, recreational activities, and employee counseling services are allowable. Eliminates allowance for “morale” costs.

Entertainment 200.438

- Amusement, diversion, and social activities are not allowable.

Fines and Penalties 200.441

- Fines and penalties are not allowable.



Various Sections: Allowable and Unallowable Costs

Lobbying 200.450

- Unallowable

Memberships, Subscriptions, and Professional Activity Costs 200.454

- Meetings and conferences where the primary purpose is dissemination of technical information are allowable.
- Costs of meals, transportation, facility rental, and speakers' fees are allowable.

Training and Education Costs 200.472

- These costs are allowable.



Various Sections: Allowable and Unallowable Costs

Travel Costs 200.474

- Amended to allow the cost of identifying, but not providing, temporary locally-available dependent care resources for travel to conferences. Travel costs for dependents are unallowable, except for travel lasting 6 months or more. Must have prior approval from the awarding agency.
- The previous rule is allowable with certain restrictions.
 - Must be consistent with an entity's written travel reimbursement policies.
 - Must retain documentation to show that the participation of an individual in a conference is necessary for the project.
 - Must be reasonable and consistent with written travel policy or must follow GSA 48 CFR 31.205-46(a).

200.430 Compensation: Personal Services

Eliminates the requirement for a “Personnel Activity Report” gives agency flexibility for determining “Standards for Documentation of Personnel Expenses”

- Must be maintained for all employees whose salaries are paid in whole or in part with Federal funds.
- Type of documentation depends on the number of grants/projects the employee worked on.
- Grants/projects must be connected to the employee’s salary source.

200.430 Compensation: Personal Services

Charges for salaries must be based on records that accurately reflect the work performed, as follows:

- Supported by a system of internal controls that provide reasonable assurance that charges are accurate, allowable, and properly allocated.
- Must be incorporated into official records.
- Reasonably reflect total activity for which an employee is compensated, not to exceed 100%.
- Encompass all activities (Federal and Non-Federal).
- Comply with established accounting policies and practices.
- Support distribution among specific activities or cost objectives.

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Subpart F: Audit Requirements

200.501 Audit Requirements

- A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted.
- Non-Federal entities can elect a program-specific audit when there is only one program unless the program requirements specify a financial statement audit.
- If less than \$750,000 is spent during the fiscal year, the non-Federal entity is exempt from Federal audit requirements for that year, but still must have their records available for review.



200.512 Report Submission

- Publication of Single Audit Reports online with safeguards for protected personally identifiable information and an exception for Indian tribes in order to reduce the administrative burden on non-Federal entities associated with transmitting these reports to all interested parties.



200.518 Major Program Determination

- Focuses audits on the areas with internal control deficiencies that have been identified as material weaknesses.
- Reflected in future updates to compliance supplements





Impact to SHFAs, MSOs and Intermediaries



Subrecipient Monitoring Plan

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

Risk Factors:

- Subrecipient's prior experience with the same or similar sub-awards
- Results of previous audits
- Whether the subrecipient has new personnel or new or substantially changed systems
- Results of Federal monitoring

Subrecipient Risk Assessment

Pass-through entities may impose conditions on sub-awards 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

Monitoring Activity

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

Monitoring Tools

The tools for monitoring will depend on the passthrough 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)

Measuring Performance

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

Measuring Performance

Minimum 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, 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

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)

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

Enforcement Actions Available

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

Best Practices for Subrecipient Monitoring Plan

- Written set of policies and procedures that guide the scope and frequency of monitoring activities, including follow up on corrective actions
- Monitoring schedule
- Monitoring checklist
- Risk assessment, i.e., what factors determine the methods and frequency of monitoring subrecipients and programs

Implementing OMB Omni Circular

Subpart B: Conflict of Interest Requirements

- Disclose, in writing, conflict of interests
- **Best Practice:** Conflict of Interest Plan

Subpart C: Certification and Representation

- Include certification statement on financial reports and request for payment
- Signed by Authorized Individual
- **Best Practice:** Update all forms and templates with the certification statement.

Subpart D: Internal Control

- Develop and implement internal controls consistent with COSO principles
- Develop and implement ethics and conflict of interest plan
- **Best Practice:** Develop and implement internal control compliance plan

Implementing OMB Omni Circular

Subpart D: Record Retention

- Develop and implement policies and procedures
- **Best Practice:** Develop a record retention/destruction tracking system

Subpart D: Closeout

- Develop and implement policies and procedures
- **Best Practice:** Develop a closeout checklist

Subpart D: Prior Written Approval

- Review list of requirements in Section 200.407
- Develop and implement policies and procedures
- **Best Practice:** Develop standard language/templates to use for written requests