Feedback from the Brustein and Manasevit Spring Forum – May 2014

**Seven Key Areas of Omni Circular**

The impetus for the new circular was a 2009 EO to reduce improper payments and a 2011 memo to reduce administrative burden. In general, the omni circular stresses internal controls and performance reporting in addition to financial reporting. In the omni, “should” = best practices or recommended and “must” = required.

Timeline: Omni circular published in Federal Register June 26, 2014. Digested until Dec. 26, 2014 when it’s expected there will be the new EDGAR and federal register for each agency. In place July 1, 2015.

1. **Time and Effort** – sec. 200.430(i) Standards for Documentation of Personnel Expenses

* Certification time period not specified
* Must be supported by internal controls that provide reasonable assurance charges are accurate
* Keep doing what you’ve been doing
* Will need to see how EDGAR defines these (recurring theme)

1. **Procurement and Property Management** for All Nonfederal Entities – sec. 200.313 – 200.326

* Must have documented procurement procedures that reflect applicable Federal, State, and local laws before allocations are awarded and must be following those procedures.
* Must perform a cost or price analysis in connection with every procurement action, including contract modification.
* Must have written selection procedures - award to lowest responsive and responsible bidder (value)
* “Small” purchase procedures threshold to be raised from $100k to $150k. Brustein recommends getting more than two quotes (print internet screen, circle one you select and note “best value”)
* NEW: “Micro purchases” for purchases under $3,000: cost must be reasonable. Brustein recommends getting more than two quotes.
* NEW: Need separate authorization to sole source even if the vendor is named in the federal application.
* More defined contract admin requirements
  + program sign offs to show goods or services received
  + demand more detailed invoices – who, what, when, where, in addition to services rendered
* Equipment definition – not changing
* Supplies definition – “computing devices” are supplies if cost <$5,000 (don’t need asset tag and documentation); however, since grantee must maintain internal control regardless of cost, Brustein recommends not changing current processes just yet
* Need to see how EDGAR defines these

1. **Audits and Audit Resolution** – sec. 200.513 – 200.520

* Threshold raised to $750k vs $500k – we are still responsible for the integrity of the awards
* Self assessment is critical (another “ICE” age coming)
* Emphasized cooperative resolution

1. **Financial Management Controls** – sec. 200.300 – 200.309

* All nonfederal entities must have and follow written cash management policies that adhere to CMIA
* Pass-through agency must monitor and validate such policy
* Must have written internal controls, policies and procedures for CM, allowable costs, etc. – match them to omni circular and EDGAR
* NEW: Federal awarding agency can collect only OMB-approved data elements
* NEW: All nonfederal entities must submit performance reports with OMB required information
* Not sure how EDGAR will address performance metrics, but Omni says:
  1. Compare actual accomplishments to objectives (quantify where possible)
  2. Reasons goals were not met (if applicable)
  3. Analysis, explanations adverse conditions, favorable developments should be included

1. **Indirect Costs** – sec. 200.414

* Federal agencies must accept a nonfederal entities negotiated indirect cost rate
* May apply for a one-time extension of up to four years – true-up later
* 10% de minimis rate for entities who have never had a negotiated indirect rate (startup charters, non-profits)

1. **Allowability of Meals and Conferences** – sec. 200.432 Conferences, sec. 200.474 Travel

* Allowable conference costs may include rental of facilities, speakers’ fees, costs of meals and refreshments, local transportation and other items incidental to such conferences unless restricted by terms of federal award
* HOWEVER, we will have to see how EDGAR addresses this since Title II, Part A guidance (which is not considered “good” guidance) was much more restrictive
* New, more family-friendly items will have to be addressed in policies/procedures

1. **New Responsibilities of the Pass-Through Agency** – sec. 200.328 - 200.334

* Single audits – 14 key points now reduced to 8 for single auditors, but agencies must still comply with all 14.
* Monitoring of subgrantees is greatly expanded by the Omni circular.
* NEW: Risk management requirements on pass-through agencies – sec. 200.331
  + Must evaluate each subrecipients’ risk of non-compliance (series of factors)
  + Must review and monitor subrecipients’ policies and procedures for contracts/procurement, cash mgmt., etc.
  + Must monitor subrecipients to assure achievement of compliance and performance goals (metrics)
  + Must consider taking enforcement action for non-compliance (need to document that enforcement action was considered after training, reviews, providing procedures)
  + Many requirements to be contained in the subawards

**Other:**

1. Policies and Procedures – need to update to make sure in compliance, easy to find, and everyone is following them. Brustein’s suggested list:

Org Structure and Function Record Keeping

Grant Application Process Monitoring

Financial Mgmt System Audit Resolution

Procurement Programmatic Fiscal Requirements

Inventory/Property Mgmt Programmatic Requirements

Time and Effort