



# *Allowable Under the 21<sup>st</sup> CCLC Grant and the “Omni Circular” Changes*

21st Century Community Learning Centers  
Professional Development Institute

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# Current OMB Cost Principles

- ▶ SEAs/LEAs – A-87
- ▶ Postsecondary Institutions – A-21
- ▶ Nonprofits – A-122
- ▶ Audit Principles – A-133



# Current EDGAR Administrative Rules

- IHEs and Nonprofits – Part 74
- SEAs/LEAs – Part 80
- Direct Grants – Part 75
- State-Administered Programs – Part 76
- Enforcement – Part 81
- FERPA – Part 99



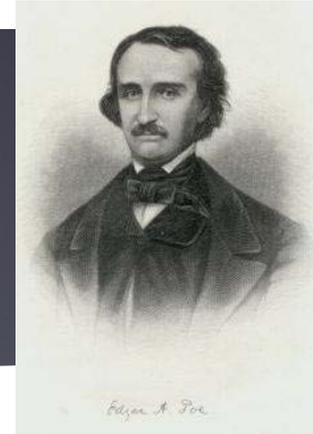
# The Omni Circular



# The OMNI Circular: What is covered?

- ✓ A-102: Administrative Rules State and Local Govts
  - ✓ Part 80 – EDGAR
- ✓ A-110: Administrative Rules IHEs and Nonprofits
  - ✓ Part 74 – EDGAR
- ✓ A-87: Cost Principals – State and Local Govts
- ✓ A-21: Cost Principals – IHEs
- ✓ A-122: Cost Principals – Nonprofit Orgs
- ✓ A-133: Audit Rules

# The New EDGAR?



## ▶ EDGAR Administrative Rules

- ▶ IHEs and Nonprofits – Part 74
- ▶ SEAs/LEAs – Part 80
- ▶ Direct Grants – Part 75
- ▶ State-Administered Programs – Part 76
- ▶ Enforcement – Part 81
- ▶ FERPA – Part 99

Now Be Combined  
Into One Section?

- ▶ A-21 IHEs
- ▶ A-87 SEAs/LEAs
- ▶ A-122 Non-Profit Organizations

Added Into EDGAR as  
a Single Rule

# Reasons for the Change?

1. Simplicity
2. Consistency
3. Obama Executive Order on Regulatory Review
  - Increase Efficiency
  - Strengthen Oversight

## Key Dates:

- ❖ Feb 1, 2013      Notice of Proposed Rulemaking
- ❖ Dec 19, 2013      Final Rule Released
- ❖ Dec 26, 2013      Federal Register Published Rule
- ❖ April 2014      New OMB A-133 Compliance Supplement
- ❖ June 26, 2014      ED Draft EDGAR Changes
- ❖ Dec 26, 2014      Final EDGAR Published

# Omni Significant Change

- The Omni Circular has a MAJOR emphasis on “strengthening accountability” by improving policies that protect against waste, fraud and abuse

## NEW: Required certifications 200.415

- ▶ **NEW:** Official authorized to legally bind the non-federal entity **must certify on annual and final fiscal reports or vouchers requesting payment:**
  - ▶ “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.”

# NEW: Mandatory Disclosures 200.113

- Non federal entity must disclose in writing in timely manner to federal agency or pass-through all violations of federal criminal law involving fraud, bribery or gratuity violations potentially affecting federal award

# Cost Principles: "Factors Affecting Allowability of Costs" 200.403

## All Costs Must Be:

1. Necessary, Reasonable and Allocable
2. Conform with federal law & grant terms
3. Consistent with state and local policies
4. Consistently treated
5. In accordance with GAAP
6. Not included as match
7. *Net of applicable credits (moved to 200.406)*
8. Adequately documented

## Selected items of cost



THE "OMNI"  
NOW HAS 55  
SPECIFIC  
ITEMS OF  
COST!

200.420

# Selected Items of Cost

- **Clarified: Advertising/PR 200.421**
  - Allowable for programmatic purposes including:
    - Recruitment
    - Procurement of goods
    - Disposal of materials
    - Program outreach
    - Public relations (in limited circumstances)
- **Alcohol 200.423**
  - Not allowable

## Selected Items of Cost (cont)

- ▶ **Conferences 200.432 (Changed)**
  - ▶ Prior Rule: Generally allowable
  - ▶ Includes Meals / Conferences / Travel and Family Friendly Policies
  - ▶ Allowable conference costs include rental of facilities, costs of meals and refreshments, transportation, unless restricted by the federal award
  - ▶ Costs related to identifying, but not providing, locally available dependent-care resources (but 200.474 allows for "above and beyond regular dependent care")
  - ▶ Conference hosts must exercise discretion in ensuring costs are appropriate, necessary and managed in manner that minimizes costs to federal award

## Selected Items of Cost (cont.)

- ▶ **Travel Costs 200.474 (Changed)**
  - ▶ Prior rule: allowable with certain restrictions
  - ▶ Travel costs may be charged on actual, per diem, or mileage basis
  - ▶ Travel charges must be consistent with entity's written travel reimbursement policies
  - ▶ Grantee must retain documentation that participation of individual in conference is necessary for the project
  - ▶ Travel costs must be reasonable and consistent with written travel policy / or follow GSA 48 CFR 31.205-46(a)
  - ▶ Temporary dependent care costs (above and beyond regular dependent care) may be allowable

# Time and Effort Documentation



# Time Distribution Records

- ▶ Must be maintained for all employees whose salaries are:
  - ▶ Paid in whole or in part with federal funds
  - ▶ Used to meet a match/cost share requirement



# A-87 Single Cost Objectives – Semi-Annual Certification

- ▶ If an employee works on a single cost objective:
  - ▶ Semi-Annual Certification
  - ▶ Signed by employee **or** supervisor
  - ▶ Every six months (at least twice a year)
  - ▶ After the Fact
  - ▶ Account for 100% of the activity
  
- ▶ Example: “I, Tiffany Winters, hereby certify that for the period January 1, 2012 through June 30, 2012 one-hundred percent (100%) of my time and effort was spent on 21stCCLC Administration.”

# A-87 Multiple Cost Objectives – Personnel Activity Report (PAR)

- ▶ If an employee works on multiple cost objectives:
  - ▶ Personnel Activity Report (PAR) or equivalent documentation
    - ▶ After the fact
    - ▶ Account for total activity
    - ▶ Signed by employee
    - ▶ Prepared at least monthly and coincide with one or more pay periods

# Distributing Payroll Costs

1. Estimate how employee will work
  - ▶ Must produce reasonable approximations of the activity actually performed
2. Quarterly comparison of estimates to actual costs
  - ▶ If difference is less than 10% - annual adjustment
  - ▶ If difference is more than 10% - quarterly adjustment

# OMB Circular A-21: Institutions of Higher Education

- More flexible rules and more discretion for professorial and professional staff

## Options:

- Plan Confirmation: Budgeted allocations for professional/professorial staff; updated to reflect any significant changes in actual work
- **After-the-Fact Activity Reports: P/P staff keep records every 6 months; other employees keep monthly**
- Multiple Confirmation Records: variety of records kept in combination at least monthly

# OMB Circular A-122: Nonprofit Institutions

Similar to A-87 PARs

- ▶ Must maintain PARs to support salaries and wages of all staff paid (in whole or in part) with federal funds
  - ▶ No semi-annual options (unlike A-87)
- ▶ Monthly, after-the-fact records, signed by employee or supervisor

# NEW: "Standards for Documentation of Personnel Expenses" 200.430

- ▶ Charges for salaries must be based on records that accurately reflect the work performed
  1. Must be supported by a system of internal controls which provides reasonable assurance charged are accurate, allowable and properly allocated
  2. Be incorporated into official records
  3. Reasonably reflect total activity for which employee is compensated
    - Not to exceed 100%

## NEW: "Standards for Documentation of Personnel Expenses" 200.430 (cont)

4. Encompass all activities (federal and non-federal)
5. Comply with established accounting policies and practices
6. Support distribution among specific activities or cost objectives

## NEW: “Standards for Documentation of Personnel Expenses” 200.430 (cont)

- If records meet the standards: the non-federal entity *will NOT be required to provide additional support or documentation for the work performed* 200.430(i)(2)
- **BUT**, if “records” of grantee do not meet new standards, ED may require PARs 200.430(i)(8)
  - PARs are not defined!!

# Financial Management System

1. **NEW Identification of Federal Awards**
2. Financial Reporting
3. Accounting Records
4. Internal Control
5. Budget Control
6. **NEW: Written Procedures to Implement CMIA**
7. **NEW: Written Procedures to Determine Allowability!**

Source Documentation (moved to 200.333 and incorporated into Accounting Records)

# NEW: Internal Controls 200.303

- ▶ **NEW:** Internal controls
  - ▶ The non-Federal entity must:
    - ▶ Establish and maintain effective control over the federal award.
    - ▶ Evaluate and monitor the non-federal entity's compliance statutes, regulations, and terms of the federal award
    - ▶ Take prompt action when instances are identified including noncompliance identified in audit findings
    - ▶ Take reasonable measures to safeguard protected personally identifiable information as defined under 200.79

# Open Competition

- ▶ All procurement transactions must be conducted in a manner to provide open and free competition.
  - ▶ Be alter to organizational conflicts of interest and noncompetitive practices among contractors that may restrict competition.
  - ▶ Awards must be made to the bidder or offeror whose bid is responsive and most advantageous to the recipient, price, quality and other factors considered.

## NEW: Conflict of Interest 200.112

- ▶ **NEW:** All non federal entities must establish conflict of interest policies, and disclose in writing any potential conflict to federal awarding agency in accordance with applicable Federal awarding agency policy.

# Vendor Selection Process

- ▶ The type of procurement instrument used is determined by recipient but must be
  - ▶ Appropriate for the particular procurement; and
  - ▶ Promote the best interest of the program.
- ▶ Methods of procurement:
  - ▶ Small purchase procedures
  - ▶ Competitive sealed bids
  - ▶ Competitive proposals
  - ▶ Noncompetitive proposals



## NEW: Micro-purchases 200.320

- ▶ Micro-purchases must be distributed equitably among qualified suppliers, to the extent practicable.
- ▶ Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

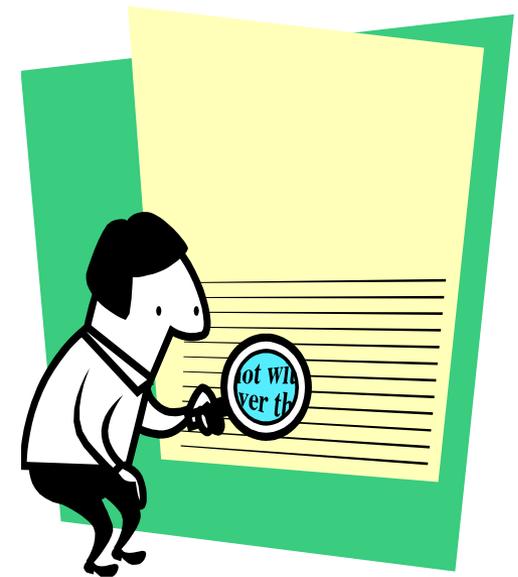
# Methods of Procurement

## 200.320 (cont)

- Noncompetitive proposals appropriate only when:
  - The good or services is available only from a single source (sole source)
  - There is a public emergency
  - **Change:** The awarding agency expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity
  - After soliciting a number of sources, competition is deemed inadequate

# Contract Administration

- ▶ Must maintain a contract administration system that ensures contractors perform in accordance with the terms, conditions, and specifications of the contract



# Inventory Management

- ▶ Must have adequate controls in place to account for location, custody and security of equipment
  - ▶ Property records
    - ▶ Description, serial number or other ID, title info, acquisition date, cost, percent of federal participation, location, use and condition, and ultimate disposition
  - ▶ Physical inventory (at least every 2 years)
  - ▶ Control system to prevent loss, damage, theft
    - ▶ All incident must be investigated

# Property definitions

- **Equipment 200.33**
  - Tangible personal property,
  - Useful life of more than one year
  - Per unit acquisition cost which equals or exceeds \$5,000
- **NEW: Computing Devices 200.20**
  - Machines used to acquire, store, analyze, process, public data and other information electronically
  - Includes accessories for printing, transmitting and receiving or storing electronic information
- **Supplies 200.94**
  - All tangible personal property other than equipment.
  - Computing devices are supplies if less than \$5,000

# Record Retention

- ▶ All Costs Must Be Adequately Documented!!
  - ▶ Amount of funds under grant
  - ▶ How the funds are used
  - ▶ Total cost of the project
  - ▶ Share of costs provided by other sources
  - ▶ Records that show compliance / performance
  - ▶ Other records to facilitate an effective audit
- ▶ 5 Year Statute of Limitations!
  - ▶ Omni Circular and EDGAR require only 3 years



# 21<sup>st</sup> CCLC Resources

- ▶ ED's Website: <http://www.ed.gov/programs/21stcclc/index.html>
- ▶ 21stCCLC Statute:  
<http://www.ed.gov/policy/elsec/leg/esea02/pg55.html>
- ▶ 21stCCLC Guidance:  
<http://www.ed.gov/programs/21stcclc/guidance2003.doc>
- ▶ Regulations on the Participation of Faith-Based and Community Organizations in Department Programs:  
<http://www.ed.gov/policy/fund/reg/fbci-reg.html>
- ▶ EDGAR:  
<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- ▶ OMB Circulars: <http://www.whitehouse.gov/omb/circulars/>

Questions ??



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