Updated A-133 Requirements – Super Circular

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The U.S. Office of Management and Budget (OMB) issued *Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards* in December 2013. In December 2014, the Joint Interim Final Rule was issued for implementation of this new guidance. The guidance, also known as the Uniform Guidance or Super Circular, is intended to streamline the former eight circulars and eliminate duplicative and conflicting guidance. It also implements policies that increase efficiency and effectiveness of federal programs, focuses on areas that achieve better outcomes at lower costs, and helps to eliminate fraud, waste, and abuse for the approximately $600 billion per year awarded in Federal financial assistance.

The most prominent changes associated with the Super Circular fall into the categories below:

Administrative Requirements
The new Super Circular requires federal agencies and pass-through entities to evaluate the risk associated with a recipient before making awards. In certain conditions, the federal awarding agency may need to review the merit and risks associated with the potential awards and enact conditions on nonfederal entities when necessary.

Cost Principles
Under the new guidance, allowable costs are more limited. The new guidance contains the “best of” the cost language from each of the OMB Circulars A-87, A-122, and A-21. There is clarification for allowable direct costs and implements a new de minimis indirect cost rate of 10 percent of modified total direct costs.

Audit Requirements
The revisions focus on a risk-based approach to auditing federal awards and provides for great transparency of audit results. The new audit threshold is increasing from $500,000 to $750,000 of expenditures and will still cover 99.7% of the dollars currently subject to single audit rules, but will reduce the audit burden for approximately 5,000 entities.

In addition to the increase of the audit threshold, the threshold for reporting questioned costs increased from $10,000 to $25,000.

We have provided more information on the changes associated with the Uniform Grant Guidance and the related timelines for implementation here.

More information regarding federal requirements can be found in the Federal Register.

For more information or to discuss the impact on your organization, please contact Megan Crane at mcrane@deandorton.com or 859.425.7643 or Crissy Fiscus at cfiscus@deandorton.com or 859.425.7631.

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