OMB Reform

Section A - Reform to audit requirements (Circulars A-133 and A-50)

1. Concentrating audit resolution and oversight resources on high dollar, higher risk awards.
2. Streamlining the universal compliance requirements in A-133 compliance supplement by emphasizing the elements that address improper payments, waste, fraud, abuse, and program performance, while streamlining other elements. Under this approach a subset of compliance requirements would be targeted for increased testing, larger sample sizes or lower level of materiality.
3. Strengthening the Guidance on audit follow-up for federal awarding agencies; i.e. require agencies to implement audit-risk metrics including timeliness of report submission, # of audits that did not have unqualified auditor opinion on major programs, and repeat findings.
4. Reducing burden on pass-through entities and subrecipients by ensuring across agency coordination.
5. Reducing burdens on pass-through entities and subrecipients from audit follow up.

Section B - Reform to cost principles (Circulars A-21, A-87, and A-122, and the cost principles for Hospitals).

1. Consolidating the cost principles into a single document, with limited variations by type of entities.
2. For indirect costs, using flat rates for F & A instead of negotiated rates.
3. Exploring alternatives to time-and-effort reporting requirements for salaries and wages. Documenting the allowability and allocability of salaries and wages charged to federal awards as direct charges.
4. Expanding the application for Utility Cost Adjustment (UCA) for research for more higher ed institutions.
5. Charging directly allocable administrative support as direct cost.
6. Including the cost of certain computing devices as allowable direct cost supplies.
7. Clarifying the threshold for an allowable maximum residual inventory of unused supplies
8. Eliminating requirements to conduct studies of cost reasonableness for large research facilities
9. Eliminating restrictions on use of indirect costs recovered for depreciation or use allowances.
10. Eliminating requirements to conduct a lease-purchase analysis for interest costs and to provide notice before relocating federally sponsored activities from a debt-financed facility.
11. Eliminate requirements that printed “help-wanted” advertising comply with particular specifications.
12. Allowing for the budgeting for contingency funds for certain awards.
13. Requesting that the Cost Accounting Standards Board (CASB) consider increasing the minimum threshold for disclosure statements from $25 M to $50 M.
14. Allowing for excess or idle capacity for certain facilities, in anticipation of usage increases.
15. Allowing costs for efforts to collect improper payment recoveries.
16. Specifying that gains and/or losses due to speculative financing arrangements are unallowable.
17. Providing non-profit organizations an example of the Certificate of Indirect Costs.
18. Providing non-profit organizations with an example of indirect cost proposal documentation requirements.

Section C - Reforms to administrative requirements (the government-wide common rule implementing Circulars A-102; A-110 and A-89)

1. Creating a consolidated, uniform set of administrative requirements. A-102 & A-110
2. Requiring pre-award consideration of each proposal’s merit and each applicant’s financial risk.
3. Requiring agencies to provide 90-day notice of funding opportunities.
4. Providing a standard format for announcements of funding opportunities.
5. Reiterating that information collections are subject to Paperwork Reduction Act approval.