

OMB SUPERCIRCULAR 2 CFR 200: FREQUENTLY ASKED QUESTIONS



Supercircular

- Streamlines federal finance and auditing guidance
- Applies to non-federal entities receiving federal funds
- Applies to all funds awarded on or after December 26th, 2014

Contacts

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The Active Transportation Section strategically integrates program and funding sources to promote multi-modal and sustainable transportation solutions.

What is the OMB Supercircular and why was it issued?

The Office of Management and Budget (OMB) has published 2 CFR Part 200 (referred to as the "Supercircular") to streamline the government-wide guidance on Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards. The Supercircular consolidates and eliminates the duplicative guidance found in 8 OMB circulars which includes A-50, Audit Follow-Up; A-87, Cost Principles for State, Local, and Indian Tribal Governments; A-102, Grants and Cooperative Agreements with States and Local Governments; and A-133, Audits of States, Local Governments, and Non-Profit Organizations. The new Supercircular expands requirements in several areas.

What is the purpose of the Supercircular?

The consolidation of the circulars is a key component of a larger effort to more effectively focus Federal resources on improving performance and outcomes, while ensuring the integrity of Federal funds in partnership with State, local, and tribal stakeholders.

When did the Supercircular become effective?

The Supercircular became effective December 26, 2014 and applies to new awards authorized on or after the effective date.

Who does the Supercircular apply to?

The Supercircular applies to non-federal entities receiving federal money.

Will Intergovernmental Agreements (IGA) have new requirements?

Yes, the local agency/ODOT IGAs have several changes. The changes are discussed in this document. A statement was added to the agreements that the information required by 2 CFR 200.331 (a) (except for indirect cost rates) will be included in the USDOT FHWA Federal Aid Project Agreement. The indirect cost requirements will be included in the IGA between the local agency and ODOT.

Will local agencies receive the USDOT FHWA Federal Aid Project Agreement?

Yes, the ODOT Local Agency Liaison will provide a copy of the executed USDOT FHWA Federal Aid Project Agreement to the local agency with the project's Notice to Proceed.

How is the Single Audit requirement changing?

The dollar threshold has been raised from \$500,000 to \$750,000. Agencies receiving \$750,000.00 or more in federal funds (from all sources) in a fiscal year beginning on or after December 26, 2014 shall have a single organization wide audit in accordance with 2 CFR 200 Subpart F. The audit requirements will apply to non-federal entity fiscal years beginning on or af-

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ter the effective date.

When will the final payment request be due?

Final request for payment must be turned into ODOT within 45 days from the end of each funding phase. Any requests for funding received after the 45 day time frame may not be eligible for reimbursement by FHWA.

What are indirect costs?

In general, indirect costs are costs that are not directly accountable to a project.

What can a local agency charge for indirect costs?

There are now three options for indirect cost rates.

- The first option is the actual approved negotiated indirect rate, as long as the rate and plan have been approved by a cognizant federal agency or the ODOT Finance Department.
- The second option is a de minimis rate, which is 10% of modified total direct costs. Agencies may use this option if they have never had a negotiated indirect cost rate and do not receive \$35,000,000 or more in federal funds (from all sources) in accordance with 2 CFR 200.412 – 200.417.
- The last option is 0%.

Does a local agency need to submit any documentation to use the 10% de minimis?

Yes, the local agency should submit to ODOT Finance a statement affirming the 2 conditions stated above. The statement should be on official letterhead and should be signed by the local agency's finance manager or someone of equivalent responsibility .

What is a cognizant agency?

OMB established the cognizant agency concept, under which a single federal agency represents all others in dealing with grantees in common areas.

What is a modified total direct cost (MTDC)?

As defined in 2 CFR 200.68, MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, but is limited to the first \$25,000 of subcontracted work that the entity hires out.

Who should a local agency contact at ODOT if they have questions on indirect cost rates and plans?

Contact Richard Brock, Senior Financial Analyst, Debt & Quantitative Analysis Unit, at richard.m.brock@odot.state.or.us (503)-986-3927.