



Homeland  
Security

July 17, 2019

**Division of Financial Assistance Policy and Oversight (FAPO)**

**FOR YOUR INFORMATION 19-08**

**2019 OMB Compliance Supplement**

**This FYI is being transmitted to all DHS Financial Assistance Awarding Offices**

Distributed by: Vincent Sprouls, FAPO Director  
Contact: Nasr Fahmy (202) 447-5146 or [Nasr.Fahmy@hq.dhs.gov](mailto:Nasr.Fahmy@hq.dhs.gov)

**Action:** Please disseminate to all DHS grant recipients. This document describes important changes to the 2019 OMB Compliance Supplement that must be shared with grant recipients and their non-Federal auditors performing annual single audits to ensure compliance with 2 CFR 200.

**Effective Date**

The 2019 Supplement, issued in one stand-alone document, is effective for audits of fiscal years beginning after June 30, 2018. [Access the single PDF of the Supplement on OMB's Web site.](#)

**Key Changes**

Because there are more changes to the 2019 Supplement than in recent years, it is critical for non-Federal auditors to carefully read it, inclusive of those parts that may not be referred to frequently such as Part 1, *Background, Information, and Applicability*. Auditors should also refer to Appendix V, *List of Changes for the 2019 Compliance Supplement*, to get a high-level overview of the detailed changes made. The following describes the 5 key changes:

**1. New 6-requirement mandate for programs included in the Supplement**

OMB required agencies to limit the compliance requirements subject to compliance audit to 6 for each program or cluster included in the 2019 Supplement. The only exception is the Research and Development cluster which was permitted to identify 7 requirements. For this purpose, the requirements relating to *A. Activities Allowed and Unallowed*, and *B. Allowable Costs and Cost Principles*, are treated as one requirement (i.e., allowability in its entirety will be considered one requirement even though the Supplement includes it in two sections). Auditors should carefully review *Part 2, Matrix of Compliance Requirements*, to identify the requirements relevant to grant recipients' major programs this year as they will likely be different from prior years.

Note that the 6-requirement mandate does not apply to programs not specifically included in *Part 4, Agency Program Requirements*, or *Part 5, Clusters of Programs*. Therefore, if your non-Federal auditors are auditing a major program that is not in the Supplement, *Part 7, Guidance for Auditing Programs Not Included in This Supplement*, will continue to be used to identify the compliance requirements to be tested.

## **2. Procurement**

Section 3.2.I on procurement in *Part 3, Compliance Requirements*, has been updated to discuss the effect of the 2018 National Defense Authorization Acts (NDAA) and OMB Memorandum M-18-18, [\*Implementing Statutory Changes to the Micro-Purchase and Simplified Acquisition Thresholds for Financial Assistance\*](#), on raising the simplified acquisition threshold from \$100,000 to \$250,000 and micro-purchase threshold from \$3,500 to \$10,000. Also on a related note, Appendix VII, Other Audit Advisories, has been revised to state that due to the confusion over the timing of the effective date of the higher thresholds, non-Federal auditors are not expected to develop audit findings for grant recipients that have implemented the increased thresholds in the 2018 NDAA after June 20, 2018, as long as the entity documented the decision in their internal procurement policies.

## **3. Programmatic changes**

There are several program additions and deletions in *Part 4*. As it relates to the 6-requirement mandate, the matrices in each program and cluster in *Parts 4* and *5* have been revised to be consistent with *Part 2*. All requirements that are no longer subject to audit and any related suggested audit procedures have been deleted.

## **4. Performance reporting**

Many programs for which *L. Reporting* is subject to audit have added new sections to *Part 4* to add requirements relating to performance reports and special reports.

## **5. Part 6 Overhaul**

The new *Part 6* includes a summary of the Uniform Guidance requirements for internal control, a background discussion on important internal control concepts, and appendices that include illustrations of entity-wide internal controls over federal awards and internal controls specific to each type of compliance requirement.