



FEMA

## US&R GENERAL MEMORANDUM – 2019-065

July 22, 2019

**FOR:** National Urban Search & Rescue Response System  
Task Force Representatives

**FROM:** Buddy Ey, Chief  
Admin / Finance Section  
Urban Search and Rescue Branch

**SUBJECT:** US&R General Memorandum 2019-065 – OMB Compliance Supplement

The purpose of this General Memorandum is to make the National US&R Response System (System) Program Managers, Grant Managers and other System members with fiscal responsibility aware of the Department of Homeland Security (DHS), Division of Financial Assistant Policy and Oversight (FAPO), FOR YOUR INFORMATION 19-08, 2019 OMB Compliance Supplement.

This communication describes important changes to the 2019 Office of Management and Budget (OMB) Compliance Supplement (2019 Supplement) that must be shared with grant recipients (and that grant recipients share with their non-Federal auditors performing annual single audits) to ensure compliance with 2 CFR 200.

### 2019 OMB Compliance Supplement.

**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:



**Page 2**

**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.

For any questions or concerns, please contact Buddy Ey [elwood.ey-iii@fema.dhs.gov](mailto:elwood.ey-iii@fema.dhs.gov) or (202) 702-8854.

**US&R General Memorandum 2014-089** – Emergency Management Accreditation Program  
US&R Assessor Training Course

**Page 3**

For additional information, contact or John Conklin at [john.conklin@fema.dhs.gov](mailto:john.conklin@fema.dhs.gov) or 202-341-8168, or Buddy Ey at [elwood.ey-iii@fema.dhs.gov](mailto:elwood.ey-iii@fema.dhs.gov) or 202-702-8854,

Attachment: DHS/FAPO FYI 19-08, 2019 OMB Compliance Supplement

cc:

US&R Strategic Group  
US&R Advisory Group  
US&R Branch Staff  
Regional/International ESF #9 Representatives