

## **Appendix V**

### **List of Changes for the 2004 Compliance Supplement**

This Appendix provides a list of changes from the OMB Circular A-133 Compliance Supplement, issued in March 2003, to this 2004 Supplement.

#### **Table of Contents**

- The Table of Contents has been corrected to make the names of the following programs consistent with those in the *Catalog of Federal Domestic Assistance* and the program entries in Parts 4 and 5 of the Supplement.  
  
66.458 - Added “Clean Water” to “Capitalization Grants for State Revolving Funds” so it reads “Clean Water Capitalization Grants for State Revolving Funds”  
84.027 - Added parenthetical reference - (IDEA, Part B)  
84.173 - Added parenthetical reference - (IDEA, Preschool)  
84.318 - Modified title by deleting “(Enhancing Education Through Technology Program) and replacing it with (Ed Tech)”  
93.558 - Added parenthetical abbreviation - (TANF)  
84.268 - Changed title to “Federal Direct Student Loans (Direct Loan)”  
93.364 - Corrected title to “Nursing Student Loans (NSL)”  
93.342 - Added parenthetical abbreviation - (HPSL/PCL)
  
- The Table of Contents has been changed to include page numbers under Part 3, B, “Allowable Costs/Cost Principles,” for the beginning of the cost principles treatment for each individual OMB cost principles circular.

#### **Part 1 - Background, Purpose, and Applicability**

- The “Background” section has been updated to recognize the 2003 changes to OMB Circular A-133 and to include clarifying language concerning Parts 4 and 5 of the Supplement.
  
- The “Purpose and Applicability” section has been updated for the effective date of this Supplement and to include clarifying language concerning implementation of the OMB Circulars by Federal agencies.
  
- The “Overview of This Supplement” section has been updated to include clarifying language concerning the status of agency regulatory implementations of the A-102 Common Rule and OMB Circular A-110, to modify the period covered by this Supplement, and to eliminate the statement about inclusion of references to *Federal Register* notices.
  
- “How to Obtain Additional Guidance” section has been modified to correct the name of the A-102 Common Rule.

## Part 2 - Matrix of Compliance Requirements

- Editorial changes have been made to correct software conversion errors, spacing and minor errors, and other inconsistencies in format.
- Updated to add and remove programs to make the matrix consistent with the Table of Contents, Parts 4 and 5, and applicable appendices. For added programs or programs adding compliance requirements, the matrix was updated based on the program supplement in Part 4. Corrected entries under CFDA 84.186 and the Research and Development Cluster.

## Part 3 - Compliance Requirements

- Editorial changes have been made throughout Part 3 to correct software conversion errors, spacing and minor errors, and other inconsistencies in format.
- The Introduction includes clarifying language concerning the relationship of the OMB cost principles circulars to the A-102 Common Rule and OMB Circular A-110 and Federal agency implementation. Statements have been added to the Compliance Requirement and Internal Control paragraphs regarding dual-purpose testing.
- A, “Activities Allowed or Unallowed,” has been modified to include clarifying language concerning the requirements contained in Parts 4 and 5 of the Supplement.
- B “Allowable Costs/Cost Principles,” has been rewritten to increase its utility for auditors. The major changes include the following:
  - A statement regarding “cognizant agency,” as defined in each OMB cost principles circular (OMB Circulars A-87, A-21, and A-122) has been added to each section.
  - The guidance under each circular—OMB Circulars A-87, A-21, and A-122—has been clarified and significantly expanded to include more specific guidance for reviewing direct and indirect costs and special compliance requirements.
  - Guidance under each category includes (i) Compliance Requirements, (ii) Audit Objectives, (iii) Suggested Internal Control Audit Procedures, (iv) Suggested Compliance Audit Procedures, and (v) Special Audit Procedures and/or Compliance Requirements.

- The specific guidance for A-87 has been organized to address the different types of costs that may be incurred by State, local, and Indian tribal governments:
  - ◆ State/Local Wide Central Service Costs
  - ◆ State/Local Department or Agency Costs (direct and indirect)
  - ◆ State Public Assistance Agency Costs
  
- The specific guidance for A-21 and A-122 has been organized to address the different types of circumstances under which indirect costs may be incurred and charged to Federal awards.
  
- C, “Cash Management,” has been modified to update references to 31 CFR part 205, which implements the Cash Management Improvement Act.
  
- Under E.1.b(1), “Eligibility for Individuals - Suggested Audit Procedures - Split Eligibility Determination Functions,” the word “Awards” has been added to “State’s Schedule of Expenditures of Federal” to correct an omission.
  
- In F, “Equipment and Real Property Management,” the threshold at which equipment disposition requirements apply has been corrected.
  
- I, “Procurement and Suspension and Debarment,” has been updated to incorporate changes to the suspension and debarment common rule published November 26, 2003.
  
- L, “Reporting,” has been updated to delete a reference to Appendix I related to entitlement programs. (See Appendix V changes for elimination of HHS entitlement programs from the A-102 Common Rule exclusions.) This section also has been modified to reflect the fact that the reporting formats used by the HHS Payment Management System use the abbreviation PSC (for “Program Support Center” of which the Division of Payment Management is a component).
  
- In M, “Subrecipient Monitoring,” language has been added under “Compliance Requirements” and “Suggested Audit Procedures - Compliance” to clarify the responsibility of pass-through entities for subrecipient audits. The subsection on “During-the-Award Monitoring” also was revised to more clearly state the recipient’s responsibilities. This section was updated to reflect the revised OMB Circular A-133 audit threshold and changes resulting from the revised suspension and debarment common rule published November 26, 2003.

## Part 4 - Agency Program Requirements

- Deleted the following programs:

Page No.

**10 Department of Agriculture**

10.570 Nutrition Service Incentive 4-10.570-1  
 (Note: Responsibility for this program was transferred by statute to the Department of Health and Human Services. The HHS program has been added to the Aging Cluster as 93.053.)

**17 Department of Labor**

**84 Department of Education**

84.278 School-to-Work Opportunities 4-84.278-1

**83 Federal Emergency Management Agency**

83.543 Individual and Family Grants 4-83.543-1

- Added the following programs

Page No.

**14 Department of Housing and Urban Development**

14.249 Section 8 Mod Rehab Single-Room Occupancy 4-14.182-1  
 (Added to Section 8 Project-Based Cluster)

**93 Department of Health and Human Services**

93.053 Nutrition Services Incentive Program 4-93.044-1  
 (Added to Aging Cluster)

93.927 Health Centers Grants for Residents of Public Housing 4-93.224-1  
 (Added to Consolidated Health Centers Cluster)

- Global changes affecting multiple programs - Conformed title of section under "Program Procedures," to "Availability of Other Program Information" to distinguish it from IV, "Other Information." Changed references to financial reporting formats required by HHS Payment Management System to PSC-272.
- Editorial changes to correct software conversion errors, spacing errors, minor non-substantive errors, and other inconsistencies in format.

- 02.001 — Updated web site under “Program Procedures - Availability of Other Program Information.”
- CFDA 10.500 — Updated “Program Procedures - Source of Governing Requirements.” Updated matching requirements in III.G.1.c. and d, “Matching - 1862 Land-Grant Institutions in the Insular Areas and 1890 Land-Grant Institutions,” that became effective on October 1, 2002 as a result of the Farm Security and Rural Investment Act of 2002 (FSRIA) (Pub.L. 107-171).
- CFDA 10.553, 10.555, 10.556, and 10.559 — Updated web site in “Program Procedures - Availability of Other Program Information.”
- CFDA 10.557 — Updated “Program Procedures” to revise the lists of agencies under “Food Benefit Delivery.” Updated “III.E.1. Eligibility for Individuals,” to include proof of identity. Added III.N.2, “Special Tests and Provisions - Compliance Investigations of High-Risk Vendors.”
- CFDA 10.558 — Corrected web site address under “Program Procedures - Availability of Other Program Information.”
- CFDA 10.566 — Updated references in III.N.1, “Special Tests and Provisions - EBT Reconciliation.”
- CFDA 10.568 and 10.569 — Updated regulatory citations in III.A, “Activities Allowed and Unallowed,” and III.G. 3, “Earmarking.” Clarified III.M, “Subrecipient Monitoring.”
- CFDA 10.760 — Corrected III.G., “Matching, Earmarking, Level of Effort,” to include all required headings.
- CFDA 12.401 - Updated “Program Objectives,” to change program references and supported activities. Updated “Program Procedures,” to change program references and to clarify the requirements related to transfers of funds between Army and Air National Guard-supported activities. Modified III.A, “Activities Allowed or Unallowed,” to change program references and update governing requirements. Clarified applicability of Davis-Bacon Act under III.D, “Davis-Bacon Act.”
- CFDA 14.181 — Added headings for E.2 and E.3 under III.E, “Eligibility.”
- CFDA 14.182, 14.195, 14.249, 14.856 — Revised “Program Objectives,” “Program Procedures - Source of Governing Requirements,” III.E.1, “Eligibility - Eligibility for Individuals,” and III. L.3.c, “Reporting - Special Reporting,” to incorporate changes for the added program—CFDA 14.249. Added information about the applicability of HUD’s Uniform Financial Reporting Standards Rule to “Program Procedures.”

- CFDA 14.235 – Added “Source of Governing Requirements” to “Program Procedures.”
- CFDA 14.239 – Corrected program name in “Program Objectives.” In “Program Procedures,” updated regulatory citation and corrected program name and telephone number.
- CFDA 14.850 – Added information about the applicability of HUD’s Uniform Financial Reporting Standards Rule to “Program Procedures.”
- CFDA 14.854 – Added citations in “Program Objectives” and “Program Procedures.” Updated web site in “Program Procedures - Availability of Other Program Information.” Corrected III.A.2.a, “Activities Allowed or Unallowed - Activities Unallowed.”
- CFDA 14.867 – Added citations in “Program Objectives,” “Program Procedures,” and III.E.1, “Eligibility - Eligibility for Individuals.” Corrected web site address under “Program Procedures - Availability of Other Program Information.” Clarified language in III.A.2, “Activities Allowed or Unallowed.” Corrected performance report number in III.L.2, “Reporting - Performance Reporting.”
- CFDA 14.871 – Added information in “Program Procedures,” including a CFR citation and information about the applicability of HUD’s Uniform Financial Reporting Standards Rule. Included a new compliance requirement in III.N.6, “Special Tests and Provisions - Housing Assistance Payment (HAP).”
- CFDA 14.872 – Added information in “Program Procedures” about the applicability of HUD’s Uniform Financial Reporting Standards Rule. Deleted IV, “Other Information,” because the information is outdated.
- CFDA 16.710 – Updated “Program Procedures.”
- CFDA 17.225 – Revised “Program Objectives” and “Program Procedures” to delineate differences among the components of the Unemployment Insurance Program and to add web site information in “Program Procedures - Availability of Other Program Information.” Clarified III.E.1, “Eligibility - Eligibility for Individuals” Updated and corrected references in III.L.1, “Reporting - Financial Reporting.”
- CFDA 17.253 – Added a new paragraph to III. H, “Period of Availability of Federal Funds,” to indicate time limits for the WtW program.
- CFDA 17.258, 17.259, 17.260 – Corrected reference in III. E.1.c, “Eligibility for Individuals.” Added transfer provision in III.G.3, “Matching, Level of Effort, Earmarking - Earmarking” for adult and dislocated workers funds. Removed reference to specific audit threshold in III.M, “Subrecipient Monitoring.”

- CFDA 20.106 – Updated citations in “Program Procedures” and III.A.2.b, “Activities Allowed or Unallowed.”
- CFDA 20.205 and 23.003 – Updated “Program Procedures” to include an expanded discussion of the Appalachian Development Highway System program and add a citation under “Source of Governing Requirements.” Added a requirement to III.A, “Activities Allowed or Unallowed.” Clarified III.J, “Program Income,” III.N.4, “Special Tests and Provisions - Sampling Program,” and III.N.6, “Special Tests and Provisions - Project Approvals.”
- CFDA 20.500 and 20.507 – Added a compliance requirement in III.G.3, “Matching, Level of Effort, Earmarking - Earmarking.” Updated III.L.1.a and L.1.b “Reporting - Financial Reporting,” specify the means of report submission, and updated III.L.3, “Reporting - Special Reporting.” Added suggested audit procedures under “Special Tests and Provisions” in III.N.2.a, Charter Service and III.N.3.a, School Bus Operation.”
- CFDA 20.509 – Added cross-references under III.A.2, “Activities Allowed or Unallowed - Activities Unallowed,” to the corresponding sections under III.N, “Special Tests and Provisions.” Added suggested audit procedures under “Special Tests and Provisions” in III.N.1.a, Charter Service and N.2.a, School Bus Operation.”
- CFDA 66.458 – Updated compliance requirement under “Special Tests and Provisions” in N.4, CWSRF as Security for Bonds.”
- CFDA 66.468 – Updated compliance requirements in III. G.1.b. “Matching, Level of Effort, Earmarking - Matching,” and III.N.4, “Special Tests and Provisions - DWSRF as Security for Bonds.”
- CFDA 83.544 – See 97.036—Program transferred to Department of Homeland Security and assigned a new CFDA number. See also Appendix VI.
- CFDA 83.548 – See 97.039—Program transferred to Department of Homeland Security and assigned a new CFDA number. See also Appendix VI.
- 84.000 – Department of Education Cross-Cutting Section -- Changed names of programs and abbreviations to reflect current names. Updated web site in “Program Procedures - Availability of Other Program Information.” Updated requirements and expanded discussion in III.B.2, “Allowable Costs/Cost Principles - Documentation of Employee Time and Effort.” Added III.D, “Davis-Bacon Act.” Updated citations in III.G.2.2, “Matching, Level of Effort, Earmarking - Level of Effort – Supplement Not Supplant (SEAs/LEAs),” and III.G.3, “Earmarking.” Updated III.H, “Period of Availability of Federal Funds.” Updated compliance requirement in III. N.2, “Special Tests and Provisions -

Schoolwide Programs.” Added discussion of information auditors may be required to supply to resolve findings in IV, “Other Information.”

- CFDA 84.002 – Removed the performance report under III.L.2, “Reporting - Performance Reporting.”
- CFDA 84.010 – Updated information in III.E. 1, “Eligibility - Eligibility for Individuals,” and III.E.2.b, “Eligibility for Group of Individuals or Area of Service Delivery.” Added a new compliance requirement in III.G.3, “Matching, Level of Effort, Earmarking - Earmarking.” Add two new “Special Tests and Provisions,” III. N.4, “Quality of Data Relating to Identifying Schools and LEAs for Improvement - LEAs,” and III.N.5, “Highly Qualified Teachers and Paraprofessionals.”
- CFDA 84.011 – Corrected name of program in title and in “Program Objectives.” Removed a report in III.L.3.b, “Reporting - Special Reporting.” Updated III.N.4, “Special Tests and Provisions - Priority for Services.”
- CFDA 84.032 – Updated data elements in III.L.3, “Reporting - Special Reporting.” In III.N, “Special Tests and Provisions” clarified suggested audit procedure under N.7, “Federal Share of Borrowed Payments” and, in N.11, “Collection Charges,” clarified how collection costs could be computed and assessed and when those costs could not be assessed the borrower.
- CFDA 84.041 – Updated web site under “Program Procedures - Availability of Other Program Information.” Changed language in III.B, “Allowable Costs/Costs Principles,” to be consistent with Appendix I.
- CFDA 84.042, 84.044, 84.047, 84.066, 84.217 – Updated web site in “Program Procedures - Availability of Other Program Information” and dollar thresholds in III.E.1.a.(2), “Eligibility - Eligibility for Individuals - SSS Program.” Corrected program coverage and modified reporting requirements in III.L.2.b. and 2.c, “Reporting - Performance Reporting.”
- CFDA 84.126 – Updated citations in III.G.2.1.a, “Matching, Level of Effort, Earmarking - Level of Effort - Maintenance of Effort,” and III.J, “Program Income.”
- CFDA 84.186 – Deleted III.E, “Eligibility,” because none of the subsections is applicable to this program.
- CFDA 84.282 – Changed references in “Program Objectives,” “Program Procedures,” III.A, “Activities Allowed or Unallowed,” III.E.3, “Eligibility - Eligibility for Subrecipients,” and III.G.3, “Matching, Level of Effort, Earmarking - Earmarking,” to be consistent with name of program.



- CFDA 84.287 – Updated “Note” that precedes “Program Objectives.” Added reference to Department of Education Cross-Cutting Section in III.G.2, “Matching, Level of Effort, Earmarking - Level of Effort - Supplement Not Supplant.”
- CFDA 84.298 – Updated web site in “Program Procedures - Availability of Other Program Information” and updated citations in III.A.1.c, “Activities Allowed or Unallowed (SEAs).”
- CFDA 84.318 – Changed name of program and updated “Program Objectives” and “Program Procedures” to reflect changed name and eliminate references to the Improving America’s Schools Act (IASA) version of the program. Added a web site in “Program Procedures - Availability of Other Program Information.” Eliminated references to IASA in III.A, “Activities Allowed or Unallowed,” III.G.3, “Matching, Level of Effort, Earmarking - Earmarking,” and III.H, “Period of Availability of Federal Funds.” Updated III.H, “Period of Availability of Federal Funds.”
- CFDA 84.338 – Added a report to III.L.2, “Reporting - Performance Reporting.”
- CFDA 84.357 – Deleted reference to III.I, “Procurement and Suspension and Debarment,” because there is no counterpart coverage in the ED Cross-Cutting Section.
- CFDA 84.367 — Updated web site under “Program Procedures - Availability of Other Program Information.”
- All HHS programs (93.xxx) – Updated III.L.1.d, “Reporting - Financial Reporting - SF-272, Federal Cash Transactions Report” to change PMS-272 to PSC-272.
- CFDA 93.044, 93.045, and 93.053 – Updated “Program Objectives” and “Program Procedures” to reflect assumption of responsibility for and to describe Nutrition Services Incentive Program. Updated “Program Procedures” to better state service exclusion and to add “Availability of Other Program Information.” In III, “Compliance Requirements,” updated references to the Older Americans Act. Added language to III.A.2, “Activities Allowed or Unallowed - Area Agency,” and A.3, - “Service Providers,” for NSIP. Moved a compliance requirement from “Program Procedures” to III.E.3, “Eligibility - Eligibility for Subrecipients.” Included other standard headings in III, “Eligibility.” Clarified State earmarking requirements under III.G.3, “Matching, Level of Effort, Earmarking - Earmarking.” Added III.N.1, “Special Tests and Provisions - Distribution of Cash” for NSIP. Add IV, “Other Information” to address the effect of NSIP on Type A program determinations and reporting on the Schedule of Expenditures of Federal Awards.

- CFDA 93.224, 93.151, 93.246, 93.927 – Updated “Program Objectives” and “Program Procedures.” Updated III, “Compliance Requirements,” to include changes resulting from the Health Care Safety Net Amendments of 2002 (Pub. L. 107-251). Those changes include a new section, revised language, and revised citations. The added section is III.E, “Eligibility,” which includes a requirement under E.1, “Eligibility for Individuals,” and headings for the other components of III.E. The revised language and citations are in III.A, “Activities Allowed or Unallowed,” III.B, “Allowable Costs/Cost Principles,” III.J, “Program Income,” and III.N.1, “Special Tests and Provisions - Governing Board.”
- CFDA 93.556 – Updated “Program Procedures” for consistency with program regulations. Updated III.A, “Activities Allowed or Unallowed,” to include changes in statutory language. Updated III.G.3, “Matching, Level of Effort, Earmarking - Earmarking,” to include an additional compliance requirement.
- CFDA 93.558 – Changed “Program Procedures” to delete reference to Appendix I and, under “Availability of Other Program Information,” to update web site address. Updated III.A, “Activities Allowed or Unallowed,” to reflect changes in statutory and regulatory citations, and to include changes resulting from the final rule on Charitable Choice for this program. Updated III.G.2.1.a, “Matching, Level of Effort, Earmarking - Level of Effort- Maintenance of Effort (MOE),” and added a cross-reference to IV, “Other Information,” which now includes a discussion of Territorial Matching Fund MOE. Updated III.G.3.a, “Matching, Level of Effort, Earmarking - Earmarking - Federal Only and Commingled Federal/State.” Updated III.L.1, “Reporting - Financial Reporting,” to clarify financial reporting requirements for States, tribes, and territories and to add the reporting form for territories; III.L.2, “Reporting - Performance Reporting,” to remove outdated information; and III.L.3, “Reporting - Special Reporting,” to include the new OMB approval number. In IV, Other Information,” added a discussion of territorial spending levels and territorial matching funds.
- CFDA 93.563 - Updated “Program Procedures - Source of Governing Requirements” to incorporate the change resulting from the September 8, 2003 final rule that made HHS entitlement programs subject to the A-102 Common Rule, and its implementation by ACF, and made conforming change in III.F, “Equipment and Real Property Management.” In III.G.1, “Matching, Level of Effort, Earmarking - Matching,” eliminated the outdated provision regarding enhanced funding for computer systems. Updated III.L.1, “Reporting - Financial Reporting,” to clarify financial reporting requirements for States and tribes. Clarified several provisions in “Special Tests and Provisions,” III.N.1 and III.N.2 “Establishment of Paternity and Support Obligations” and “Enforcement of Support Obligations,” respectively.

- CFDA 93.566 – Revised “Program Procedures - Source of Governing Requirements” to incorporate the change resulting from the September 8, 2003 final rule that made HHS entitlement programs subject to the A-102 Common Rule, and its implementation by ACF.
- CFDA 93.568 – Updated “Program Procedures - Source of Governing Requirements.”
- CFDA 93.569 – Updated “Program Procedures - Source of Governing Requirements,” III.A.1, “Activities Allowed or Unallowed - Activities Allowed,” and III.A.2, “Activities Allowed or Unallowed - Activities Unallowed,” to include language related to Charitable Choice rules for this program. Added “Federal” in III.H, “Period of Availability of Federal Funds” to be specific as to applicability of these provisions. Added III.N, “Special Test and Provisions,” to address requirements for subgranting.
- CFDA 93.600 – Added language under III.G.3, “Matching, Level of Effort, Earmarking - Earmarking,” related to validating income eligibility under this earmarking requirement as part of the initiative to reduce erroneous payments.
- CFDA 93.645 – Updated “Program Procedures” for consistency with program regulations. Added a requirement under III.G.1, “Matching, Level of Effort, Earmarking - Matching.” Added a new section, III.G.2.1, “Matching, Level of Effort, Earmarking - Level of Effort Maintenance of Effort.”
- CFDA 93.658 – Updated “Program Procedures” to add Puerto Rico. Updated “Program Procedures - Source of Governing Requirements” to incorporate the change resulting from the September 8, 2003 final rule that made HHS entitlement programs subject to the A-102 Common Rule, and its implementation by ACF. Made conforming change in III.F, “Equipment and Real Property Management.” Updated citations in III.A.1.c, “Activities Allowed or Unallowed - Activities Allowed,” and III.E.1.a(2) and c, “Eligibility - Eligibility for Individuals.”
- CFDA 93.659 – Updated “Program Procedures” to add Puerto Rico. Updated “Program Procedures - Source of Governing Requirements” to incorporate the change resulting from the September 8, 2003 final rule that made HHS entitlement programs subject to the A-102 Common Rule, and its implementation by ACF. Made conforming change in III.F, “Equipment and Real Property Management.” Made corrections and updated citation in III.A, “Activities Allowed or Unallowed.”
- CFDA 93.667 – Updated “Program Procedures - Source of Governing Requirements.”

- CFDA 93.767 – Revised “Program Procedures - Source of Governing Requirements” to incorporate the change resulting from the September 8, 2003 final rule that made HHS entitlement programs subject to the A-102 Common Rule, and its implementation by CMS. Added provision under III.A, “Activities Allowed or Unallowed,” regarding allowable transfers to the Medicaid program for qualifying States. Updated III.H, “Period of Availability of Federal Funds,” to include extended periods of use and to clarify requirements for retained and redistributed amounts. Updated III.L.1, “Reporting - Financial Reporting,” to indicate use of the PSC-272 reports in lieu of the SF-272 and to reflect change of organizational acronym from HCFA to CMS.
- CFDA 93.775, 93.777, and 93.778 – Updated “Program Procedures - Source of Governing Requirements,” including incorporating the change resulting from the September 8, 2003 final rule that made HHS entitlement programs subject to the A-102 Common Rule, and its implementation by CMS. Updated web site addresses in “Program Procedures - Availability of Other Program Information,” and in III.A.6, “Activities Allowed or Unallowed - Home and Community-Based Services.” Deleted reference to section 1915 of the Social Security Act in III.A.3 (and in III.N.6) in relation to managed care. Updated III.L.1, “Reporting - Financial Reporting,” to indicate use of the PSC-272 reports in lieu of the SF-272. Added IV, “Other Information,” to specify treatment of funds that may be transferred from CFDA 93.767 for expenditure under CFDA 93.778.
- CFDA. 93.958 – Corrected “Program Objectives.” Under “Program Procedures,” added “Availability of Other Program Information” and included reference to *Federal Register* notice that details approval requirements for non-recurring expense exclusions from maintenance-of-effort calculations and cross-reference in III.G.2.1.a, “Matching, Level of Effort, Earmarking - Level of Effort-Maintenance of Effort.” Updated Program Procedures - Source of Governing Requirements.”
- CFDA 93.959 – Updated “Program Procedures.” Under “Program Procedures,” added “Availability of Other Program Information” and included reference to *Federal Register* notice that details approval requirements for non-recurring expense exclusions from maintenance-of-effort calculations. In III.A.9, “Activities Allowed or Unallowed,” added language to reflect final Charitable Choice rules for this program. In III.G.2.1.a, “Level of Effort-Maintenance of Effort,” included a cross-reference to the *Federal Register* notice cited in “Availability of Other Program Information;” in G.2.1. added “Maintenance of Effort” to correct heading; and modified headings to include all required sections under “Level of Effort.” Deleted introductory language in III.G.3.a, “Matching, Level of Effort, Earmarking - Earmarking.”
- CFDA 93.991 – Updated “Program Procedures - Source of Governing Requirements,” and added “Program Procedures - Availability of Other Program Information.”

- CFDA 93.994 – Updated “Program Procedures - Source of Governing Requirements.”
- CFDA 94.006 – Updated III.E.1, “Eligibility - Eligibility for Individuals,” to add the 2004-2005 limits on living allowances and delete outdated information.
- CFDA 94.011 and 94.016 - Under III.E.1, “Eligibility - Eligibility for Individuals,” updated citation for *Federal Register* notice showing income-eligibility levels.
- CFDA 97.036 (previously CFDA 83.544) – Updated CFDA Number and header to show responsible agency as Department of Homeland Security (DHS). Updated “Program Procedures” to reflect FEMA as part of DHS and to include current- and prior-year threshold amounts for distinguishing “small” and “large” project grants. Added IV, “Other Information” to explain changes resulting from creation of Department of Homeland Security.
- CFDA 97.039 (previously CFDA 83.548) – Updated CFDA Number and header to show responsible agency as Department of Homeland Security (DHS). Updated “Program Procedures” to reflect FEMA as part of DHS and, under “Availability of Other Program Information,” to provide more complete Internet addresses. Added IV, “Other Information” to explain changes resulting from creation of Department of Homeland Security.

### **Part 5 - Clusters of Programs**

- In the title and where applicable, deleted use of abbreviation FDL in conjunction with CFDA 84.268 and replaced with (Direct Loan) and conformed program name to “Federal Direct Student Loans.”
- In “Program Procedures,” corrected name of FSEOG program and, under the Federal Direct Loan program, updated Common Origination and Disbursement system to the Loan Origination Center.
- Under III.A., “Activities Allowed or Unallowed,” specified criteria for adding programs without ED approval.
- Under III.C, “Cash Management,” updated and changed wording for clarity.
- Under III.E.1, “Eligibility - Eligibility for Individuals,” added introductory material concerning the Institutional Student Information Record (ISIR) and the Student Aid Report (SAR). In that same section, under “Calculation of Benefits,” language moved for emphasis and clarified. Under PLUS loans, language added to clarify parent eligibility.

- Under III.L. 1.e, “Reporting - Financial Reporting,” deleted language applicable to prior fiscal year and updated to indicate that “just-in-time” method is no longer a pilot program.
- In III.N.2, “Special Tests and Provisions - Verification,” elaborated on statement of compliance requirement included in the *Federal Register*. Added language to “Suggested Audit Procedures” to clarify the procedures to be performed.
- In III.N.3, “Special Tests and Provisions - Disbursements To or On Behalf of Students-Compliance Requirement,” added language based on changes in a November 1, 2002 *Federal Register* notice that became effective July 1, 2003. Deleted language relating to the exemption, which expired and was not renewed, and to other outdated requirements and language. For FWS, added another method of paying the student that was not previously listed. In III. N.2, “Special Tests and Provisions - Disbursements To or On Behalf of Students-Suggested Audit Procedures,” added procedure to ensure that disbursement amounts and dates are accurate and properly recorded.
- In III.N.4, “Special Tests and Provisions - Return of Title IV Funds Compliance Requirements,” made changes consistent with November 1, 2002 *Federal Register*. Conformed and clarified “Suggested Audit Procedures.”
- In III.N.5, “Special Tests and Provisions - Student Status Changes,” clarified statement of existing compliance requirement and deleted requirements related to HEAL.
- In III.N, “Special Tests and Provisions,” added a new N.7, “Transcripts for Borrower’s in Default” applicable to the HEAL program.
- In III.N.9, “Special Tests and Provisions - Borrower Data Transmission and Reconciliation (FDL),” renumbered and updated for Common Origination and Disbursement, deleted outdated information, and updated web site.
- In III.N.10, “Special Tests and Provisions - Institutional Eligibility,” renumbered and rewrote section on commissions and bonuses due to new regulations effective July 1, 2003; added clarifying language to describe the process so an auditor would know how the institution is notified of the “zone alternative;” added the existing requirement for satisfactory progress. Conformed “Suggested Audit Procedures.”
- Appendix A - Add clarifying language for Items 3, 6, 8, 17, and 20. Added Item 12, which is not a new requirement, but has been inadvertently omitted since the requirement was enacted into the Higher Education Act Reauthorization in 1992.
- Updated list of other clusters for programs included in this Supplement.

- Corrected cluster titles where they differed from those used in Part 4 (or conversely, where appropriate, changed the Part 4 name to match that used in this listing).

### **Part 6 - Internal Control**

- Editorial changes have been made to correct software conversion errors, spacing and other minor errors, and other inconsistencies in format.
- In I, “Procurement and Suspension and Debarment,” the title has been corrected and the section has been updated to incorporate changes to the suspension and debarment common rule published in the *Federal Register* on November 26, 2003.

### **Part 7 - Guidance for Auditing Programs Not Included in This Compliance Supplement**

- Editorial changes have been made to correct software conversion errors, spacing and other minor errors, and other inconsistencies in format.
- Under the discussion of Compliance Requirements, I, “Procurement and Suspension and Debarment,” and L, “Reporting,” have been revised to clarify their applicability.

### **Appendix I - Federal Programs Excluded from the A-102 Common Rule**

- This Appendix has been revised based on a Department of Health and Human Services (HHS) rule, issued September 8, 2003 (68 FR 52843-52844), that makes the HHS entitlement programs subject to the A-102 Common Rule (in lieu of 45 CFR Part 74). It also has been updated to delete Department of Education (ED) programs no longer excluded from the A-102 Common Rule (CFDA 84.010 and CFDA 84.298) and to update the citations for the remaining ED program (CFDA 84.041).

### **Appendix II - Federal Agency Codification of Certain Governmentwide Grant**

#### **Requirements**

- This Appendix has been modified to indicate that the Federal Emergency Management Agency (FEMA) is no longer an independent agency and to add the Department of Homeland Security. The components of DHS will continue to use their existing implementations, e.g., FEMA’s 44 CFR part 13, until DHS issues a department-wide implementation of A-110 and the common rules.

**Appendix III - Federal Agency Contacts for A-133 Audits**

- This Appendix has been modified to indicate that the Federal Emergency Management Agency (FEMA) is no longer an independent agency, to add the Department of Homeland Security, and to update responsible offices and related information, as appropriate.

**Appendix IV - Internal Reference Tables**

- Updated tables for changes in this Supplement.

**Appendix V - List of Changes for the 2004 Compliance Supplement**

- Updated this appendix to provide a list of changes from the OMB Circular A-133 Compliance Supplement issued in March 2003 to this 2004 Supplement.

**Appendix VI - Department of Homeland Security and the Compliance Supplement**

- Added a new appendix to address the effect of the creation of the Department of Homeland Security on the Supplement.

**Appendix VII - Other OMB Circular A-133 Advisories**

- Appendix renumbered; however, no substantive changes made.

**Appendix VIII - SAS 70 Examinations of EBT Service Organizations**

- Appendix renumbered; however, no substantive changes made.

**Appendix IX - Compliance Supplement Core Team**

- Appendix renumbered and updated to recognize contributions of current interagency team responsible for the production of this Supplement.