

Since the beginning of the strike, OCNCS has been operated by Senior Reactor Operator licensed personnel. As a result, both types of licensed personnel are unavailable for the requalification written examinations and operating tests until the strike is over.

#### *Environmental Impacts of the Proposed Action*

The NRC completed its evaluation of the proposed action and concludes that there are no significant environmental impacts associated with the extension of the completion date for the operator requalification program from June 30, 2003, to 90 days following resolution of the strike, but no later than December 31, 2003.

The proposed action will not significantly increase the probability or consequences of accidents, it will make no changes to the types of effluents that may be released off site, and there is no significant increase in occupational or public radiation exposure. Therefore, there are no significant radiological environmental impacts associated with the proposed action.

With regard to potential nonradiological impacts, the proposed action does not have a potential to affect any historic sites. It does not affect nonradiological plant effluents and has no other environmental impact. Therefore, there are no significant nonradiological environmental impacts associated with the proposed action.

Accordingly, the NRC concludes that there are no significant environmental impacts associated with the proposed action.

#### *Environmental Impacts of the Alternatives to the Proposed Action*

As an alternative to the proposed action, the NRC staff considered denial of the proposed action (*i.e.*, the “no-action” alternative). Denial of the application would result in no change in current environmental impacts. Thus, the environmental impacts of the proposed action and the alternative action are similar.

#### *Alternative Use of Resources*

The action does not involve the use of any different resources than those previously considered in the Final Environmental Statement for OCNCS, dated December 1974.

#### *Agencies and Persons Consulted*

On June 9, 2003, the NRC staff consulted with the State official, Mr. Rich Pinney of the New Jersey Department of Environment and Natural Resources, regarding the environmental

impact of the proposed action. The State official had no comments.

#### **Finding of No Significant Impact**

On the basis of the environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the licensee’s letter dated May 30, 2003. Documents may be examined, and/or copied for a fee, at the NRC’s Public Document Room (PDR), located at One White Flint North, Public File Area at O-1 F21, 11555 Rockville Pike (first floor), Rockville, Maryland. Publicly available records are accessible electronically from the Agencywide Documents Access and Management System (ADAMS) Public Electronic Reading Room on the Internet at the NRC Web site, <http://www.nrc.gov/reading-rm/adams.html>. Persons who do not have access to ADAMS or who encounter problems in accessing the documents located in ADAMS, should contact the NRC PDR Reference staff by telephone at 1-800-397-4209 or 301-415-4737, or by e-mail to [pdr@nrc.gov](mailto:pdr@nrc.gov).

Dated at Rockville, Maryland, this 24th day of June, 2003.

For the Nuclear Regulatory Commission.

#### **Peter S. Tam,**

*Senior Project Manager, Section 1, Project Directorate 1, Division of Licensing Project Management, Office of Nuclear Reactor Regulation.*

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#### **OFFICE OF MANAGEMENT AND BUDGET**

#### **Audits of States, Local Governments, and Non-Profit Organizations**

**AGENCY:** Office of Management and Budget.

**ACTION:** Revision of OMB Circular No. A-133.

**SUMMARY:** The Office of Management and Budget (OMB) is issuing final revisions to Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” The purpose of these revisions is to (1) increase the threshold for audit from \$300,000 to \$500,000, (2) increase the threshold for cognizant agency for audit from \$25 million to \$50 million, and (3) make related technical changes to facilitate the determination of cognizant agency for audit and provide for Federal agency

reassignment of oversight agency for audit.

**DATES:** The final revisions are effective for fiscal years ending after December 31, 2003, and early implementation will not be permitted with the exception of the amendment to the definition of oversight agency for audit in Circular A-133, section .105. The amendment to the definition of oversight agency for audit is effective July 28, 2003.

#### **FOR FURTHER INFORMATION CONTACT:**

Recipients should contact their cognizant agency for audit or oversight agency for audit or Federal awarding agency, as may be appropriate in the circumstances. Subrecipients should contact their pass-through entity. Federal agencies should contact Terrill W. Ramsey, Office of Federal Financial Management, Office of Management and Budget, 202-395-3993.

**SUPPLEMENTARY INFORMATION:** On August 12, 2002, OMB proposed revisions (67 FR 52545) to OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” The Office of Management and Budget (OMB) is issuing final revisions to Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” The revisions will (1) increase the threshold for audit from \$300,000 to \$500,000, (2) increase the threshold for cognizant agency for audit from \$25 million to \$50 million, and (3) make related technical changes to facilitate the determination of cognizant agency for audit and provide for Federal agency reassignment of oversight agency for audit.

The Single Audit Act Amendments of 1996, 31 U.S.C. 7502(a)(3), provide for the Director of OMB to review the single audit threshold on a biennial basis and increase it as appropriate. The audit threshold established in 1997 required all non-Federal entities (States, local governments, and non-profit organizations) that expend \$300,000 or more in a year in Federal awards to have an audit conducted in accordance with Circular A-133. The revision increases the audit threshold from \$300,000 to \$500,000. This increase relieves almost 6,000 entities from the audit requirements of Circular A-133 while only exempting from audit less than one half of one percent of Federal awards expended (in dollars) by entities currently conducting Circular A-133 audits.

The revision increases the threshold for cognizant agency for audit from \$25 million to \$50 million. This change will reduce the number of non-Federal entities with a cognizant agency for audit assignment from approximately

1,000 to 500. This revision will allow Federal agencies to provide more focused attention where there is the greatest risk in terms of Federal awards expended, but still provide each non-Federal entity with an assigned oversight agency for audit from which to request technical advice. The revision also changes the base years for determining cognizant agency for audit assignments. (Currently, the cognizant agency for audit determination is based on the amount of Federal funding in the year immediately preceding each five-year audit cognizant period. This revision changes the base year to the second year preceding the five-year audit cognizant period to allow sufficient time to make cognizant agency for audit determinations before the start of the audit cognizance period.) Finally, the revision changes the definition of oversight agency for audit to permit Federal agencies to make reassignments.

#### Response to Comments

OMB received 43 comment letters: Eight from Federal agencies, seven from State governments, four from universities, five from non-profit organizations, 14 from certified public accountants, and five from individuals. Nearly all comments focused on raising the audit threshold: 28 were in favor and 10 opposed. Of the 10 that were opposed to raising the audit threshold, two were from Federal agencies; two were from one State; one from a university; and five from individuals. Opposition centered on concerns over specific programs and the perceived lack of accountability over Federal funds that would fall below the new threshold. On the other hand, several commenters suggested raising the threshold to \$1 million to further alleviate the burden on non-Federal entities expending smaller amounts of Federal funds. OMB believes that, because the revisions only exempt an additional one-half of one percent of Federal dollars expended from audit while providing administrative relief to approximately 6,000 entities, the risk to Federal funds does not outweigh the benefits to grant recipients. OMB, however, appreciates the comments about reduced accountability and concerns expressed by several commenters that raising the audit threshold could provide more opportunities for fraud.

It is important to note that Circular A-133 audit is only one of many monitoring tools available to oversee the administration of and strengthen accountability over Federal grants. Grantee monitoring should occur

throughout the year rather than relying solely on a once-a-year audit. Monitoring activities may take various forms; however, a first monitoring tool should be identifying to the grantee the Federal award information (e.g., Catalog of Federal Domestic Assistance (CFDA) title and number, award name, name of Federal agency) and applicable compliance requirements. Other monitoring tools include reviewing grantee financial and performance reports, performing site visits to review financial and programmatic records and observe operations, and arranging for agreed-upon procedures engagements for certain aspects of grantee activities, such as described in § .230(b)(2) of Circular A-133. Factors such as the size of awards, the complexity of the compliance requirements, and risk of grantee non-compliance as assessed by the grantor may influence the nature and extent of monitoring procedures. Federal laws or regulations may impose monitoring requirements specific to a Federal program. The 2003 OMB Circular A-133 Compliance Supplement clarifies the guidance to auditors related to subrecipient monitoring.

It should also be noted that the Federal Government has the authority to audit and/or investigate any entity suspected of using Federal funds improperly, regardless of the amount of funds involved. Allegations of fraud should be directed to the Federal awarding agency's Office of Inspector General fraud hotline phone numbers which are available on the Internet at <http://www.ignet.gov>.

Nine comments addressed the increase from \$25 million to \$50 million of the threshold for cognizant agency for audit. Seven commenters (two Federal and five non-Federal) supported the increase and two Federal agencies opposed. One concern was that the reduction in the number of cognizant agency for audit assignments would reduce Federal agency monitoring of audit quality. OMB is actively working with Federal agencies to strengthen quality control reviews of audits by selecting a statistical sample of single audits to measure audit quality across Federal programs. This work is expected to improve our ability to measure and improve audit quality.

Four comments concerned the technical changes. One Federal agency (which opposed all of the proposed revisions to Circular A-133) expressed concern about accountability over Federal funds. As noted above, OMB believes that the revisions to Circular A-133 provide an appropriate balance between administrative relief and the risk to Federal funds.

#### Availability of Revised Circular

OMB has prepared an updated version of Circular A-133, as amended herein. It is available electronically on the OMB Home Page at <http://www.omb.gov> and then select "Grants Management" followed by "Circulars."

Dated: June 23, 2003.

**Augustine T. Smythe,**  
*Acting Director.*

1. OMB hereby amends Circular A-133 by replacing \$300,000 with \$500,000 in the following sections: § .200(a); § .200(b); § .200(d); § .230(b)(2); and § .400(d)(4).

2. OMB hereby amends Circular A-133 by replacing \$25 million with \$50 million in section § .400(a), first sentence.

3. OMB hereby amends Circular A-133 by replacing section § .400(a), third, fourth, and fifth (parenthetical) sentences with the following: § .400 Responsibilities.

(a) \* \* \* The determination of the predominant amount of direct funding shall be based upon direct Federal awards expended in the recipient's fiscal years ending in 2004, 2009, 2014, and every fifth year thereafter. For example, audit cognizance for periods ending in 2006 through 2010 will be determined based on Federal awards expended in 2004. (However, for 2001 through 2005, the cognizant agency for audit is determined based on the predominant amount of direct Federal awards expended in the recipient's fiscal year ending in 2000).

\* \* \* \* \*

4. OMB hereby amends Circular A-133, section § .105, by adding at the end of the definition of oversight agency for audit: "A Federal agency with oversight for an auditee may reassign oversight to another Federal agency which provides substantial funding and agrees to be the oversight agency for audit. Within 30 days after any reassignment, both the old and the new oversight agency for audit shall notify the auditee, and, if known, the auditor of the reassignment."

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#### OFFICE OF MANAGEMENT AND BUDGET

##### Use of a Universal Identifier by Grant Applicants

**AGENCY:** Office of Management and Budget.

**ACTION:** Notice of final policy issuance.