



West Michigan
Chapter

2022 Single Audit Update

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Webinar

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Outline

- Components of a Single Audit
- The Uniform Guidance (2 CFR 200)
 - Major provisions
 - 2022 Compliance Supplement
 - Data Collection form
- CSLFRF Alternative Compliance Examination
- The Yellow Book (2021 Technical Update)

Components of a Single Audit

- Financial statement audit (GAAS)
- Conducted in accordance with *Government Auditing Standards* (GAGAS or the “Yellow Book”)
- Compliance audit of federal awards expended (Uniform Guidance/2 CFR 200)

Components of a Single Audit

Financial Statement Audit

- Results in an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles

Components of a Single Audit

Government Auditing Standards

- Builds on the foundation of GAAS
 - Adds requirements for auditor independence and continuing professional education
- Results in a report (not an opinion) on matters related to internal control over financial reporting that came to the auditors' attention during the audit

Components of a Single Audit

Compliance Audit of Federal Awards

- Builds on the foundation of GAAS and GAGAS
 - Adds compliance testing for “major federal programs”
- Results in:
 - An opinion on major program compliance
 - A report (not an opinion) on matters related to internal control over compliance that came to the auditors’ attention during the audit
 - An opinion on the Schedule of Expenditures of Federal Awards (SEFA) in-relation-to the financial statements

Uniform Guidance (2 CFR 200)

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Combined all related OMB guidance into one location
 - Administrative requirements (A-102, A-110)
 - Federal cost principles (A-21, A-87, A-122)
 - Single audit (A-133, A-89, parts of A-50)

Uniform Guidance (2 CFR 200)

- A. Acronyms and Definitions
- B. General Provisions
- C. Contents of Federal Awards
- D. Standards for Financial Management
- E. Cost Principles
- F. Audit Requirements

Uniform Guidance: Appendices

- I. Notice of funding opportunity
- II. Contract provisions
- III. Indirect costs – Higher Ed
- IV. Indirect costs – Nonprofits
- V. SLG-wide central service cost allocation plans
- VI. Public assistance cost allocation plans
- VII. SLG indirect cost proposals
- VIII. Nonprofits exempted from federal cost principles
- IX. Hospital cost principles
- X. Data Collection Form (SF-SAC)
- XI. Compliance Supplement

Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Recipients:
 - Comply with all requirements of award
 - Performance measurement systems
 - Financial management systems
 - Separate identification of federal awards
 - Complete/accurate financial results
 - Support for federal draws
 - Effective control/accountability
 - Written procedures

Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Written procedures:
 - Recommended for all compliance areas
 - Required for implementing:
 - §200.305 Payments (i.e., cash draws)
 - §200.318 Procurement (including conflict of interest)
 - Allowability of costs (Subpart E, Cost Principles)
 - §200.430-431 Compensation (personnel & benefits)
 - §200.474 Travel costs

CPE Prompt 1 of 6

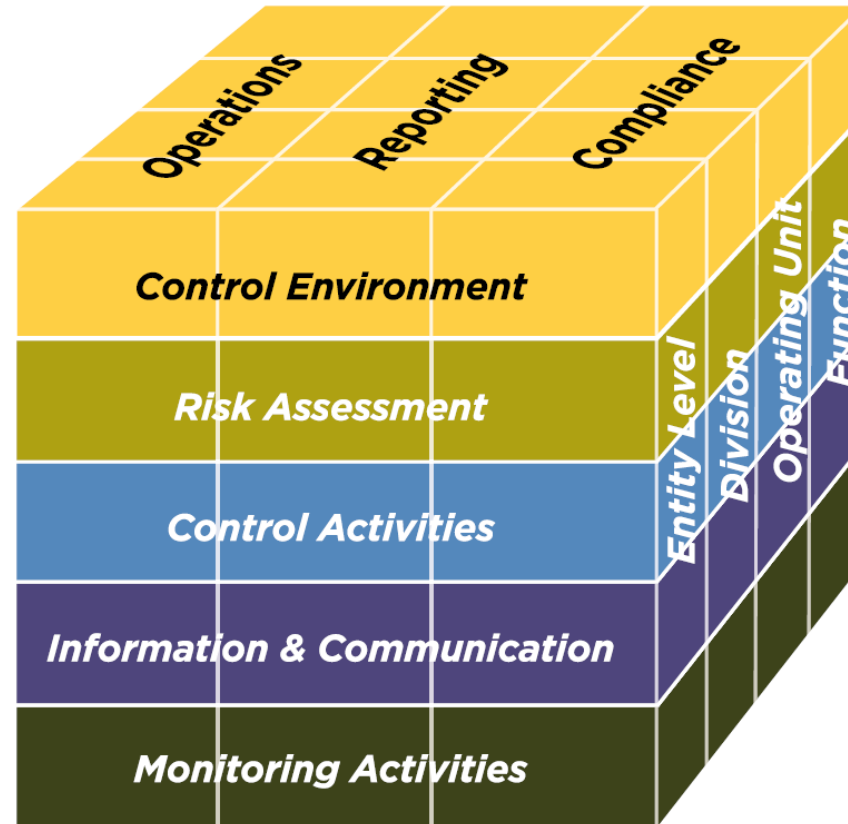
- Entities expending federal awards are required to have written procedures for which of the following:
 - A. Drawing down grant resources
 - B. Procuring goods and services
 - C. Paying employees
 - D. All of these
 - E. Only B and C

Standards for Financial Management

- Internal controls:
 - Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award
 - “Should” be consistent with **COSO** (see CS Part 6) and the **Green Book**

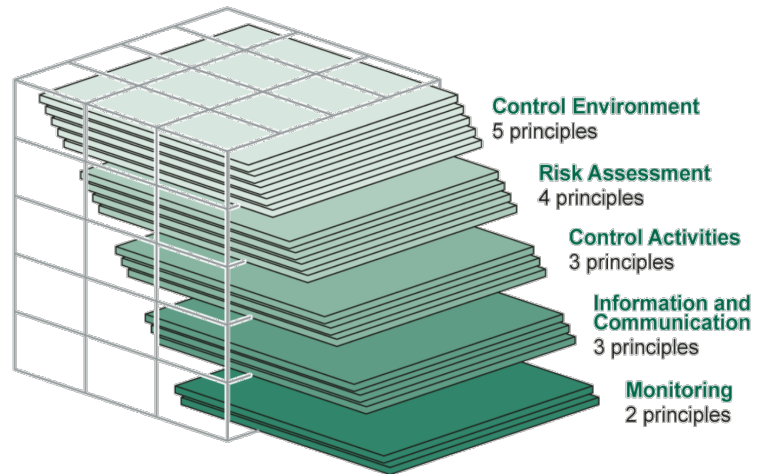
COSO: Internal Control

- 3 Objectives
- 5 Components
- 17 Principles
 - Applicable to each level of an organization

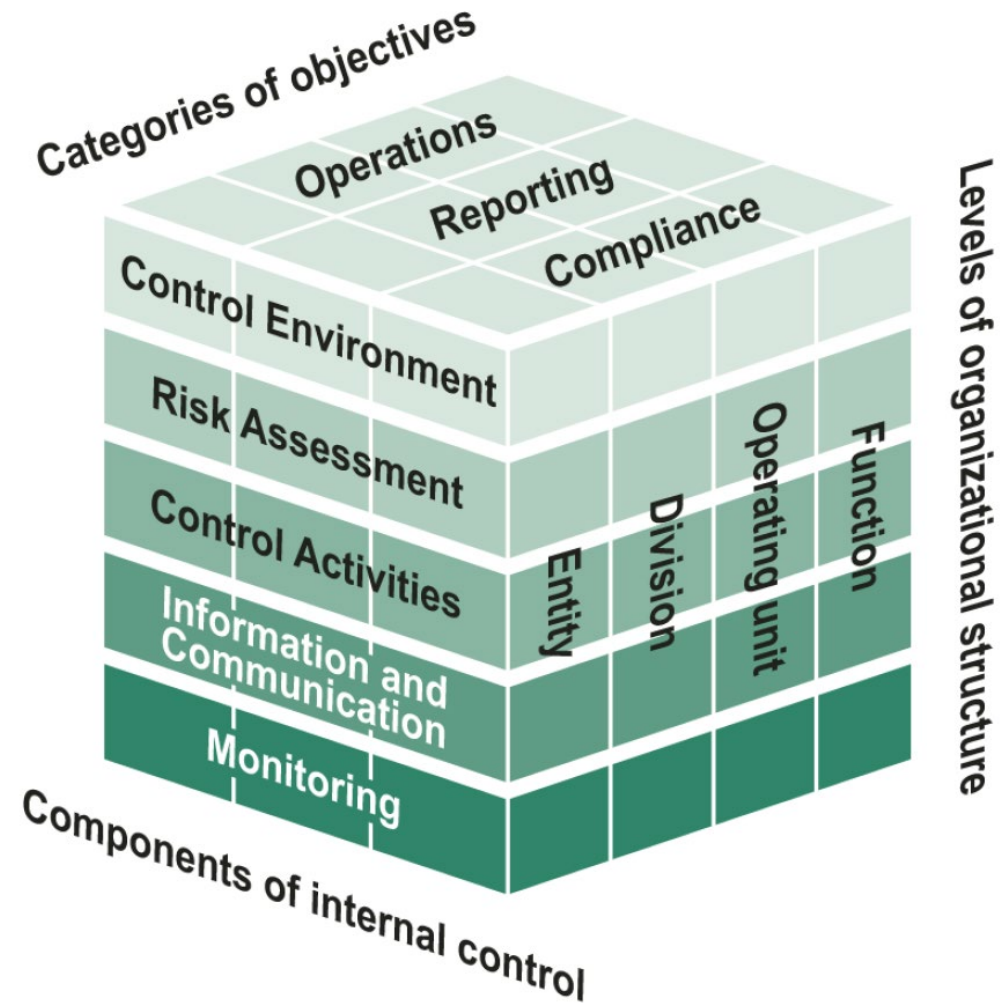


The Green Book

- 3 Objectives
- 5 Components
- 17 Principles



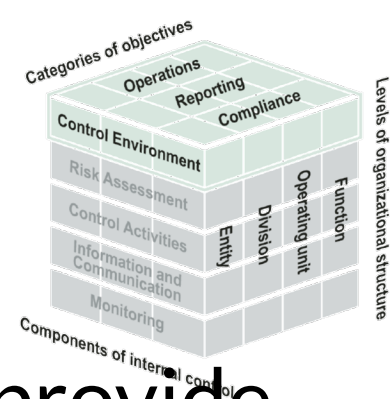
Source: GAO. | GAO-14-704G



Components / Principles

Control Environment

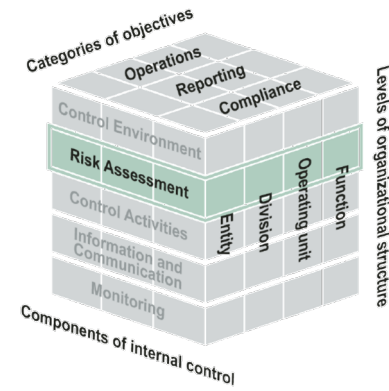
- The set of standards, processes, and structures that provide the basis for carrying out internal control across the organization
 - Principle 1: Demonstrate Commitment to Integrity and Ethical Values
 - Principle 2: Exercise Oversight Responsibility
 - Principle 3: Establish Structure, Authority, and Responsibility
 - Principle 4: Demonstrate Commitment to Competence
 - Principle 5: Enforce Accountability



Components / Principles

Risk Assessment

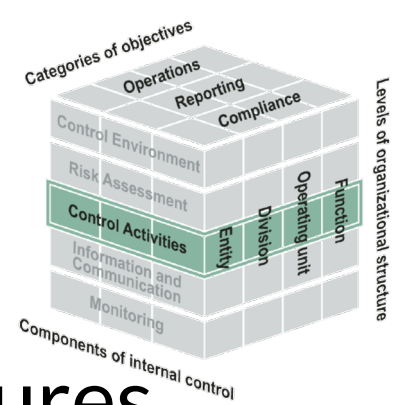
- A dynamic and iterative process for identifying and assessing the possibility that an event will occur and adversely affect the achievement of objectives
 - Principle 6: Define Objectives and Risk Tolerances
 - Principle 7: Identify, Analyze, and Respond to Risks
 - Principle 8: Assess Fraud Risk
 - Principle 9: Identify, Analyze, and Respond to Change



Components / Principles

Control Activities

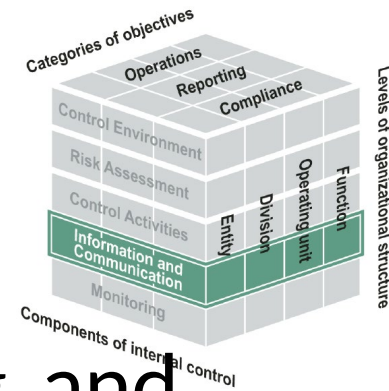
- The actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out
 - Principle 10: Design Control Activities
 - Principle 11: Design Activities for the Information System
 - Principle 12: Implement Control Activities



Components / Principles

Information and Communication

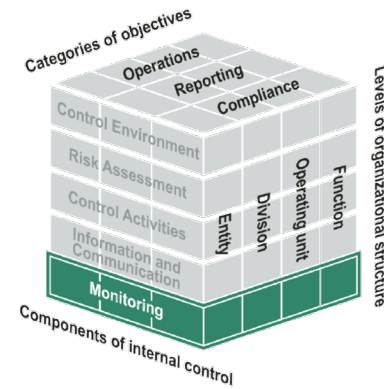
- The continual, iterative process of providing, sharing, and obtaining necessary information to carry out internal control responsibilities to support the achievement of the entity's objectives
 - Principle 13: Use Quality Information
 - Principle 14: Communicate Internally
 - Principle 15: Communicate Externally



Components / Principles

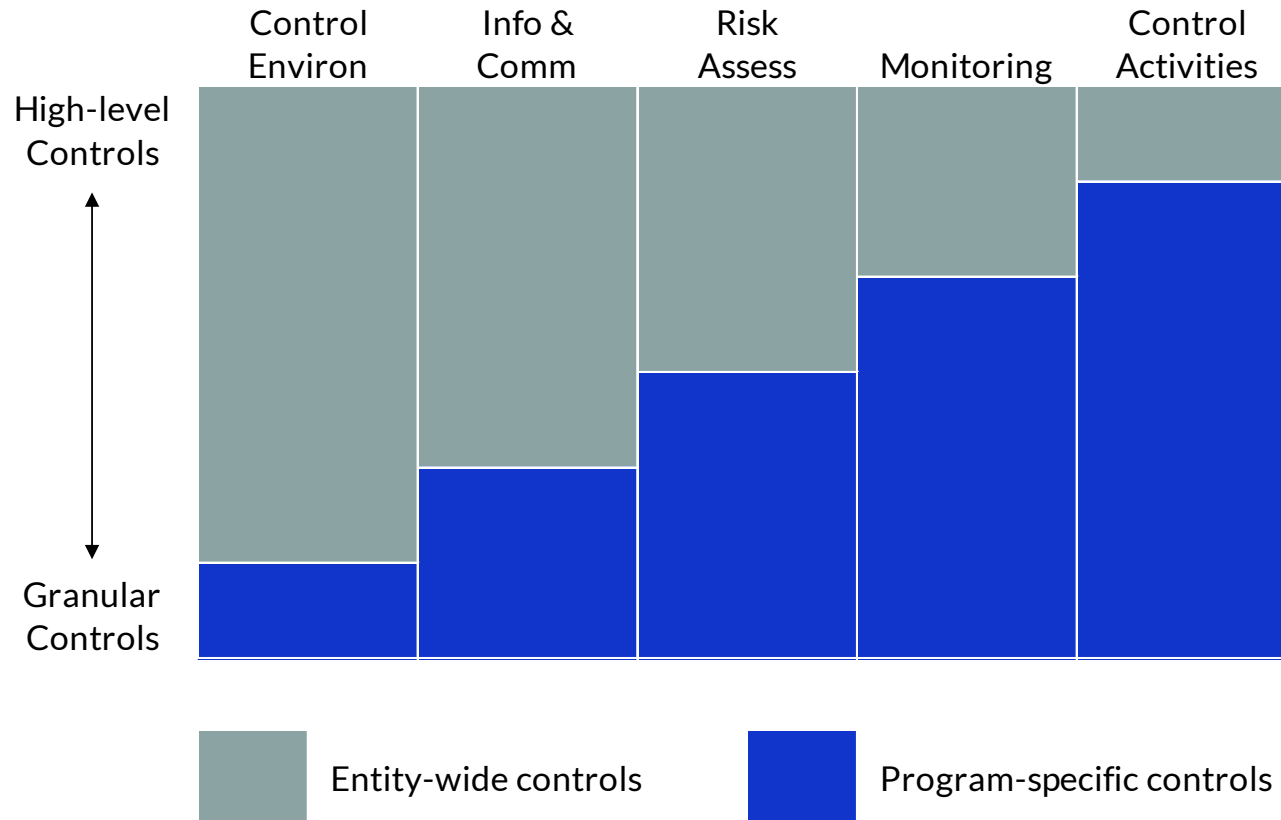
Monitoring Activities

- Ongoing evaluations, separate evaluations, or some combination of the two are used to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, is present and functioning
 - Principle 16: Perform Monitoring Activities
 - Principle 17: Evaluate Issues and Remediate Deficiencies



Uniform Guidance (2 CFR 200)

Documenting IC over Compliance



CPE Prompt 2 of 6

- Which of these statements about internal controls over federal programs is FALSE:
 - A. Grantees should have written policies and procedures
 - B. Policies and procedures should conform to COSO
 - C. Existing policies should be reviewed and updated, as necessary
 - D. All grantees should adopt the uniform policies provided by the OMB

Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Other major provisions:
 - Payments (grant draws/advances)
 - Cost sharing/matching
 - Program income
 - Budget revisions requiring prior approval
 - Property standards (ownership/inventory)
 - Subrecipient monitoring/management
 - Procurement standards

Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Procurement standards:
 - States may follow their own policies and procedures
 - All others must follow the general procurement standards
 - Use documented procurement procedures
 - No conflicts of interest
 - Consider most economical purchase option

Standards for Financial Management

- Procurement standards:
 - All procurement transactions must be conducted in a manner providing full and open competition
 - Methods:
 - Micro purchases < \$10,000* (need only be “reasonable”)
 - Small purchases < \$250,000 (obtain price quotes)
 - Over \$250,000:
 - Sealed bids/formal advertising
 - Competitive proposals
 - Noncompetitive proposals (sole source)



Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Subrecipient Monitoring/Management:
 - Non-Federal entities may be recipients, subrecipients, or contractors (or **beneficiaries** for CRF/FRF)
 - Based on the substance of the agreement
 - Determining whether an agreement creates a subrecipient or contractor requires judgment

Standards for Financial Management

- Subrecipient Monitoring/Management:
 - A “**subaward**” is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient
 - A “**contract**” is for the purpose of obtaining goods and services for the non-Federal entity’s own use and creates a procurement relationship with the contractor

Standards for Financial Management

- Subrecipient Monitoring/Management:
 - A “**subrecipient**” is an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a **beneficiary** of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
 - CRF/FRF broadened beneficiaries to include entities

Standards for Financial Management

- Subrecipient Monitoring/Management:
 - Subrecipients:
 1. Determine who is eligible to receive what Federal assistance
 2. Have performance measured in relation to whether program objectives were met
 3. Have responsibility for programmatic decision making
 4. Are responsible for adherence to applicable Federal program requirements specified in the Federal award
 5. Use the Federal funds to carry out a program, as opposed to providing goods or services for the benefit of the pass-through entity

Uniform Guidance (2 CFR 200) – Subpart D

Standards for Financial Management

- Subrecipient Monitoring/Management:
 - Contractors:
 1. Provide goods and services within normal business operations
 2. Provides similar goods or services to many different purchasers
 3. Normally operate in a competitive environment
 4. Provide goods or services that are ancillary to the operation of the Federal program
 5. Are not subject to compliance requirements of the Federal program as a result of the agreement

Standards for Financial Management

- Contractor Compliance:
 - In most cases, the auditee's compliance responsibility for a contractor is to ensure only that the procurement, receipt, and payment for goods and services comply with laws, regulations, and the provisions of contracts or grant agreements. A program's compliance requirements normally do not pass through to contractors.

Standards for Financial Management

- Beneficiary Compliance (CRF/FRF):
 - Under the Uniform Guidance, the question of whether an entity is a subrecipient or beneficiary depends on whether it uses the funds to carry out a program on behalf of the recipient. CSLFRF recipients are permitted to use award funds to establish grant programs to provide grants to organizations such as, small businesses and non-profits to respond to the negative economic impacts of the COVID-19. In these cases, these organizations would be beneficiaries of the CSLFRF award funds rather than subrecipients since they are not using the payments to carry out a program on behalf of the CSLFRF recipient. In this case, such organizations would not be subject to audit pursuant to the Single Audit Act and 2 C.F.R. Part 200, Subpart F.

Uniform Guidance (2 CFR 200) – Subpart E

Federal Cost Principles

- Fundamental premises :
 - Applying these cost principles “should require no significant changes to sound internal accounting policies/procedures”
 - The “total cost” of a Federal award is the sum of the **allowable** direct and **allocable** indirect costs less any **applicable credits**

Federal Cost Principles

- “Allowable” costs:
 - Necessary and **reasonable** for the performance of the Federal award
 - Conform to any limitations or exclusions set forth in these principles
 - Consistent with **policies and procedures** that **apply uniformly** to both federally-financed and other activities of the non-Federal entity

Federal Cost Principles

- “Allowable” costs:
 - Accorded consistent treatment (direct vs. indirect)
 - Determined in accordance with generally accepted accounting principles
 - Not included as a cost or used to meet cost sharing or matching requirements of any other federally financed program
 - Adequately documented

Uniform Guidance (2 CFR 200) – Subpart E

Federal Cost Principles

- Compensation—personal services
 - Principles-based
 - Allowable if:
 - Reasonable for services rendered
 - Follows local hiring policies
 - Determined and supported in accordance with “Standards for Documentation” of Personnel Expenses

Uniform Guidance (2 CFR 200) – Subpart E

Federal Cost Principles

- Compensation—personal services
 - Records that accurately reflect the work performed
 - Supported by a system of internal control
 - Incorporated into the official records of the non-Federal entity
 - Reasonably reflect the total compensated activity (100%)
 - Encompass both federal and non-federal activity
 - Comply with established accounting policies/practices
 - Support the distribution of salaries/wages among activities

Federal Cost Principles

- Compensation—personal services
 - Budget estimates (before the fact) alone are not sufficient, unless:
 - The system for budgeting produces a reasonable estimate
 - Significant changes in actual work are identified and corrected
 - Short-term fluctuations may be excluded, if the budget is reasonable over the longer term
 - Internal controls include an after-the-fact review of budgeted charges, and makes corrections as necessary

CPE Prompt 3 of 6

- When charging personnel costs to a federal grant, a grantee should:
 - A. Follow its own documented personnel policies
 - B. Allocate costs between programs on a reasonable basis
 - C. Conform to the standards of documentation found in the Uniform Guidance
 - D. All of the above

Uniform Guidance (2 CFR 200) – Subpart F

Single Audit

- Starts with a financial audit conducted in accordance with GAAS and GAGAS
- Adds requirements for testing compliance with federal grant regulations

Stages of a Single Audit



- Four primary stages to a single audit

Stages of a Single Audit



- Obtain Schedule of Expenditures of Federal Awards (SEFA) from client
- Threshold for single audit is \$750,000 in current year
- Test SEFA in accordance with SAS 119 sufficient to render an in-relation-to opinion

Stages of a Single Audit



- Consider by Assistance Listing (CFDA) number or cluster
- Divide programs into Type A and B
 - Cut-off starts at \$750,000 and goes up with total expenditures
- Assess risk of Type A programs
 - Type A programs that are not low-risk are major
 - Type A programs that are low-risk (previously audited with no MW) are temporarily set aside, but may still be major

Stages of a Single Audit



- If necessary, assess risk of larger Type B programs
 - Only required if there is a low-risk Type A program
 - “Larger” Type B programs are 25% of the Type A threshold
 - High-risk programs may be selected as major
 - Risk assessment is based on auditor judgment
 - Identify one high-risk Type B program for every four low-risk Type A programs (25% of the low-risk Type A programs)

Stages of a Single Audit



- Determine if percentage of coverage is met
 - Required to test 40% of SEFA
 - For low-risk auditees, only test 20% of SEFA
 - Clean single audit for two years (no material findings)
 - Filed on time with the Clearinghouse
 - Select additional programs (auditor's choice) until coverage is met

Stages of a Single Audit



- For each major program, determine which compliance areas to test
 - Subject to audit per the Compliance Supplement
 - Applicable to the auditee
 - Have a direct and material effect on compliance

Stages of a Single Audit



- Compliance areas

- | | |
|--|---|
| A. Activities allowed or unallowed | H. Period of performance |
| B. Allowable costs/cost principles | I. Procurement/suspension and debarment |
| C. Cash management | J. Program income |
| D. [reserved] * | K. [reserved] |
| E. Eligibility | L. Reporting |
| F. Equipment and real property management | M. Subrecipient monitoring |
| G. Matching, level of effort, and earmarking | N. Special tests and provisions |

Stages of a Single Audit



- In-relation-to opinion on the SEFA
- Yellow Book report
 - Internal control over financial reporting
 - Compliance with laws, regulations, and grant agreements
- Single Audit report
 - Compliance for each major program
 - Internal control over compliance

Stages of a Single Audit



- Schedule of Findings and Questioned Costs
 - Summary of Auditors Results
 - Financial statement findings
 - Federal awards findings
 - Questioned costs > \$25,000
- Summary Schedule of Prior Audit Findings
 - Status of prior federal award findings

Stages of a Single Audit



- Data Collection Form and reporting package
 - Submitted online
 - Provides details on findings
 - Corrective action plan
 - Complete financial statements for public inspection

2 CFR 200, Appendix XI

Compliance Supplement

- Issued annually to assist auditors conducting single audits and identify auditee responsibilities
 - “April 2022” edition (released 05/12/2022) is almost 2,000 pages long, but still not all-inclusive
 - COVID-19 addenda were issued in 2020 and 2021, but no addenda are expected for 2022
 - IIJA is not included

2 CFR 200, Appendix XI

Compliance Supplement

- Part 1 – Background, Purpose, and Applicability
- Part 2 – Matrix of Compliance Requirements
- Part 3 – Compliance Requirements
- Part 4 – Agency Program Requirements
- Part 5 – Clusters of Programs
- Part 6 – Internal Control
- Part 7 – Guidance For Auditing Programs Not Included in this Compliance Supplement
- Appendices

Part 1

Background, Purpose, and Applicability

- Effective for June 30, 2022 FYE audits and later
- Safe Harbor Status:
 - The CS is updated annually, but laws change periodically, and delays are normal
 - Auditors should perform reasonable procedures to ensure compliance requirements are current
 - “Suggested audit procedures” are, as the name implies, only suggested – apply auditor judgment to achieve stated objectives

Part 2

Matrix of Compliance Requirements

- Lists all programs included in the Supplement and which compliance areas are subject to audit
- Areas marked as applicable (“Y”) may not apply at a particular entity (or not be direct and material)
- Areas marked as not subject to audit (“N”) may still be applicable to the auditee

ALERT

Selected requirements may change each year

Part 2

Matrix of Compliance Requirements

Legend to Matrix

Legend: Y - Yes, this type of compliance requirement is subject to audit for the federal program; N - No, this type of compliance requirement is not subject to audit for the federal program.

Those requirements that were changed from a “Y” to an “N” or from an “N” to a “Y” since the last Supplement are shown in bold (and highlighted in yellow) in the A-N matrix columns. Programs added through addendums 1 and 2 with requirements that were changed from a “Y” to an “N” and from an “N” to a “Y” since their publication are also shown in bold (and highlighted in yellow) in the A-N matrix columns. Any changes shown with a blue highlight are corrections to this table only (not a change in the requirements in Part 4). Note: Requirements D and K are reserved and therefore not shown in this chart.

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
Program Number	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Ear-marking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
10.553/10.555/10.556/ 10.559/10.582 (Child Nutrition Cluster)	Y	Y	N	Y	N	N	N	Y	N	Y	N	Y

CPE Prompt 4 of 6

- Auditors are expected to:
 - A. Perform only those tests specifically included in the compliance supplement
 - B. Apply professional judgment in determining what tests to perform
 - C. Request instructions from the grantor agency for programs not included in the CS
 - D. Only select programs for testing that are included in the CS

Part 3

Compliance Requirements

- Contains general guidance that applies to all programs (not repeated in Parts 4 and 5)
- The Uniform Guidance was revised on August 13, 2020 (mostly effective November 12, 2020)
 - Auditors should consult the applicable version of the UG, depending on the award terms and conditions
 - See table at page 3-2

Part 3 – Compliance Requirements

A. Activities Allowed or Unallowed

- Generally unique to each Federal program
 - Refer to Parts 4 and 5

Part 3 – Compliance Requirements

B. Allowable Costs/Cost Principles

- Federal cost principles:
 - 2 CFR 200, Subpart E
- Basic guidelines:
 - Reasonable/necessary
 - Allocable to the federal award
 - Adequately documented

Part 3 – Compliance Requirements

C. Cash Management

- Advance payment
 - Preferred when written procedures exist for minimizing the time elapsing between transfer of funds from the US Treasury and disbursement
- Reimbursement method
 - Used when no written policies exist, when required by specific conditions, or upon request of the grantee

Part 3 – Compliance Requirements

D. [Reserved]

- Formerly used for Davis-Bacon Act compliance
- Moved to 20.001 Wage Rate Determination cross-cutting section

Part 3 – Compliance Requirements

E. Eligibility

- Generally unique to each Federal program
 - Refer to Parts 4 and 5
- May apply to:
 - Individuals
 - Groups / areas of service delivery
 - Subrecipients

Part 3 – Compliance Requirements

F. Equipment/Real Property Management

- Title to equipment (>\$5,000) purchased with federal funds rests with the non-federal entity
 - Property records must be maintained
 - Inventory taken every 2 years
 - Proceeds from sale may be reinvested or returned to the federal government

Part 3 – Compliance Requirements

G. Matching, Level of Effort, Earmarking

- Generally unique to each Federal program
 - Refer to Parts 4 and 5
 - *Matching* – local/in-kind contributions
 - *Level of Effort* – supplement vs. supplant
 - *Earmarking* - % of funding used for specific purposes

Part 3 – Compliance Requirements

H. Period of Performance

- Federal funds may only be expended during the time specified in the grant agreement
- Unpaid obligations must generally be liquidated within 90 days of the end of the funding period

Part 3 – Compliance Requirements

I. Procurement, Suspension/Debarment

- Procurement – follow local practices
 - Micro-purchase < \$10,000* (need only be “reasonable”)
 - Small purchase < \$250,000 (obtain price quotes)
 - Over \$250,000:
 - Sealed bids
 - Competitive proposals
 - Noncompetitive proposals



Effective for awards made
after November 12, 2020

Part 3 – Compliance Requirements

I. Procurement, Suspension/Debarment

- Suspension and debarment
 - No “covered transactions” with federally blacklisted parties
 - Procurement contracts for goods or services expected to exceed \$25,000
 - All non-procurement transactions (subawards)
 - See [sam.gov](https://www.sam.gov) for the list of excluded parties

Part 3 – Compliance Requirements

J. Program Income

- Gross income directly generated by a federally funded project
 - Fees
 - Interest
 - Refunds / proceeds from sales
- May be deducted from program costs, added to the budget, or used to meet matching requirements

Part 3 – Compliance Requirements

K. [Reserved]

- Formerly Real Property Acquisition/Relocation Assistance

Part 3 – Compliance Requirements

L. Reporting

- Use of standard OMB forms (SF-270 & SF-425)
- Federal Funding Accountability and Transparency Act (FFATA) testing is back
 - Only if reporting is selected as a requirement “subject to audit”

L. Reporting

FFATA

- Requires reporting by prime (**direct**) recipients of first-tier **subawards** (or amendments of subawards) that results in an obligation of \$25,000 or more in federal funds
- Reported at FSRs.gov (FFATA Subaward Reporting System)
- Info is publicly available at www.usaspending.gov

L. Reporting

FFATA

- Key data elements:

Subaward Data Element	Definition
Subawardee Name	This is the Sub-Awardee's Name
Subawardee DUNS #	The subawardee organization's nine-digit Data Universal Numbering System (DUNS) number.
Amount of Subaward	The net dollar amount of federal funds awarded to the subawardee including modifications.
Subaward Obligation/Action Date	Date the subaward agreement was signed.
Date of Report Submission	Date the recipient entered the action/obligation into FSRS.
Subaward Number	Subaward number or other identifying number assigned by the prime awardee organization to facilitate the tracking of its subawards.
Subaward Project Description	Describes the subaward project.
Subawardee Names and Compensation of Highly Compensated Officers	Names of officers if thresholds are met.

L. Reporting

FFATA

- Audit procedures:
 - Understand/test the entity's FFATA reporting controls
 - Select a sample of first tier subawards
 - Observe recipient's login to FSRS to ensure reporting was timely/complete

L. Reporting

FFATA

- Audit findings (recommended format):

	Transactions Tested	Subaward not Reported	Report not Timely	Subaward Amount Incorrect	Subaward Missing Key Elements
Number	25	2	10	13	0
Dollar amount	\$5,000,000	\$200,000	\$4,000,000	\$800,000	\$0

Part 3 – Compliance Requirements

M. Subrecipient Monitoring

- Responsibilities of pass-through entities:
 - Identify the Award and Applicable Requirements
 - Evaluate Risk
 - Monitor
 - Ensure Accountability of For-Profit Subrecipients

Part 3 – Compliance Requirements

N. Special Tests and Provisions

- Generally unique to each Federal program
 - Refer to Parts 4 and 5

CPE Prompt 5 of 6

- Which of the following statements are true?
 - A. Auditors test all requirements that are identified as being subject to audit for a particular program
 - B. Auditors test all requirements that could have a direct and material effect on compliance
 - C. Grant recipients may still be subject to compliance requirements, even if the auditor doesn't elect to test them during an audit
 - D. All of the above

Part 4

Agency Program Requirements

- Lists specific compliance requirements, audit objectives, and suggested audit procedures for approximately 200 individual programs
 - There are over 2,200 active Assistance Listing Numbers (ALNs) at sam.gov
- Certain federal agencies have cross-cutting sections that apply to multiple grants

Part 5

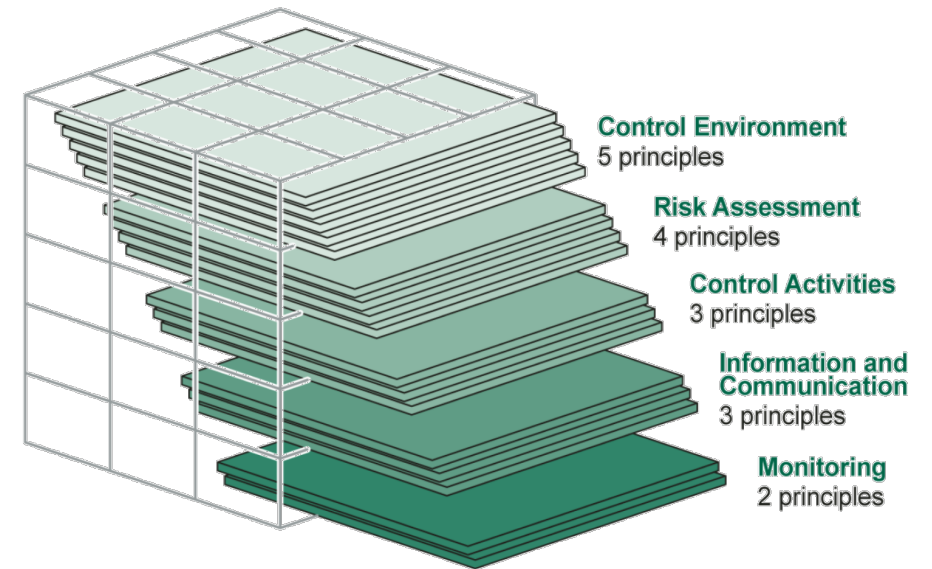
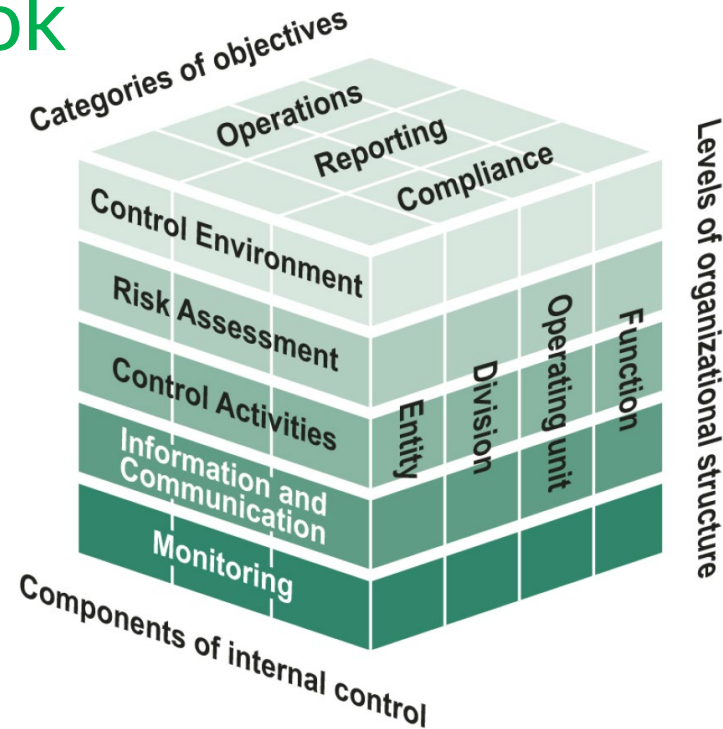
Clusters of Programs

- Clusters are groupings of ALNs that are treated as if they are a single program for purposes of the single audit
 - Research and Development (R&D)
 - Student Financial Assistance (SFA)
 - Other clusters (approx. 33)

Part 6

Internal Control

- Includes the 5 components and 17 principles of COSO and the **Green Book**



Source: GAO. | GAO-14-704G

Part 7

Programs Not Included in the CS

- Provides guidance on identifying applicable compliance requirements, and determining appropriate audit procedures

Appendix IV

“Higher Risk” Programs

Agency	Assistance Listing (CFDA) Number	Title
Education*	84.425	Education Stabilization Fund
FCC*	32.009	Emergency Connectivity Fund Program
HHS*	93.461	Testing for the Uninsured
HHS*	93.498	Provider Relief Fund
HHS**	93.778/93.777/93.775	Medicaid Cluster
Transportation**	20.106	Airport Improvement Program
Transportation**	20.500/20.507/20.525/20.526	Federal Transit Cluster
Transportation**	20.315	National Railroad Passenger Corporation Grants
Treasury*	21.023	Emergency Rental Assistance
Treasury*	21.027	Coronavirus State and Local Fiscal Recovery Funds

**** Unless COVID funding is not material to an existing program**

Appendix VII

COVID-19 Advisories

- COVID-19 funding defined:
 - Coronavirus Preparedness and Response Supplemental Appropriations Act
 - Families First Coronavirus Response Act
 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
 - Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
 - American Rescue Plan Act (ARPA)

Appendix VII

COVID-19 Advisories

- Identifying COVID-19 funding on the SEFA:
 - Separately list the COVID-19 portion of awards
 - Use the prefix “COVID-19” before the program name

Temporary Assistance for Needy Families	93.558	\$3,000,000
COVID-19 – Temporary Assistance for Needy Families	93.558	<u>1,000,000</u>
Total – Temporary Assistance for Needy Families	93.558	<u>\$4,000,000</u>

Appendix VII

COVID-19 Advisories

- Identifying COVID-19 funding on the DCF:

	a	b	c	d	e	f	g	h
	Assistance Listing #	Assistance Listing #						
Row Number (auto-generated)	Federal Awarding Agency Prefix	Assistance Listing Three-Digit Extension	Additional Award Identification	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total (auto-generated)	Cluster Total (auto-generated)
					(\$)		(\$)	(\$)
1	93	558		TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$3,000,000.00		\$4,000,000.00	
2	93	558	COVID-19	COVID-19 - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$1,000,000.00		\$4,000,000.00	
				Total Federal Awards Expended =	\$4,000,000.00			

Appendix VII

COVID-19 Advisories

- Identifying COVID-19 funding in findings:
 - Identify if findings relate to COVID-19 funding
 - Finding title / body

Appendix VII

COVID-19 Advisories

- Alternative Compliance Examination Engagement
 - Eligibility:
 - Expend \$750,000 or more in Federal awards; and
 - Total FRF award received (directly from Treasury or as an NEU) is at or below \$10 million; and
 - Other expenditures of Federal awards (not including FRF) are less than \$750,000

COVID-19 Advisories

- Alternative Compliance Examination Engagement
 - Financial statement audit not required
 - SEFA not required
 - Testing of internal control not required
 - Compliance testing limited to looking for ineligible expenditures and whether the recipient significantly deviated from its established practices and policies regarding incurring costs

Appendix VII

COVID-19 Advisories

- Alternative Compliance Examination Engagement
 - Reporting guidance TBD
 - AICPA to publish guide for auditors (sample report and practice aid)
 - OMB to publish instructions for submitting completed audits

Appendix VII

COVID-19 Advisories

- Single audit due dates:
 - OMB Memo M-21-20 extended all single audits with FYEs through June 30, 2021, by an additional six months
 - No further extensions are expected
 - Timely filing with the FAC is required for low-risk auditee status

Other Advisories

- Follow-up on prior audit findings
 - Auditors must consider all prior year audit findings (from the SSPAF) even if the applicable compliance requirement is no longer selected as “Y” (subject to audit) in the current compliance supplement

Other Advisories

- New clusters
 - Adding a new ALN to an existing cluster makes a new program
 - Unless the new program added is less than 25% of the Type A threshold for the auditee

Other Advisories

- FAC transition from Census to GSA
 - Scheduled for October 1, 2022
 - No immediate change to the DCF is expected
 - Singles audits with 2022 FYEs will be submitted to the GSA
 - This will prevent uploading the DCF, but is not an extension for completing the single audit

CPE Prompt 6 of 6

- When is a June 30, 2022 FYE single audit due?
 - A. December 31, 2022 (six months)
 - B. March 31, 2023 (nine months)
 - C. June 30, 2023 (twelve months)
 - D. None of the above

Yellow Book

- Technical Update to the 2018 Revision was published in April 2021
 - Effective upon issuance
- Added **equity** to the objectives of accountability

*Management and officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, ethically, **and equitably** within the context of the statutory boundaries of the specific government program.*

Yellow Book

- Revised the requirements for SKE to revert to the 2011 wording:

*If auditors provided a nonaudit service in the period to be covered by the engagement, they should (1) determine if GAGAS expressly prohibits the nonaudit service; (2) if audited entity management requested the nonaudit service, determine whether the **skill, knowledge, or experience** of the individual responsible for overseeing the nonaudit service was sufficient; and (3) determine whether a threat to independence exists and address any threats noted in accordance with the conceptual framework.*

Online Resources

- AICPA Single Audit Resource Center
 - www.aicpa.org/interestareas/governmentalauditquality/resources/singleaudit.htm
- OMB Compliance Supplement (PDF)
 - www.whitehouse.gov/omb/management/office-federal-financial-management/
- CFO Council
 - cfo.gov/policies-and-guidance/
- Data Collection Form
 - facides.census.gov/
- Yellow Book
 - www.gao.gov/yellowbook/overview

Questions?



For more information...

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