

Auditee Resource Center Article

The GAQC has heard from several federal agency representatives with concerns that auditees are not preparing a separate Corrective Action Plan (CAP) and Summary Schedule of Prior Audit Findings (SSPAF) as required by §200.511 of, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200* (Uniform Guidance). Both the CAP and the SSPAF are identified in §200.512 as required parts of the reporting package. To follow-up on this concern, GAQC staff reviewed a small random sample of reporting packages submitted to the Federal Audit Clearinghouse (FAC) and found there appears to be confusion by both auditees and auditors regarding the requirements in this area.

Several packages we reviewed did not include a CAP at all but there were findings reported by the auditor. Several other packages excluded a CAP but the auditor’s Schedule of Findings and Questioned Costs (SFQC) included a subheading in each finding such as, “Management’s Corrective Action Plan” with a brief one sentence statement that followed. In other cases, the reporting package included a separate page titled “Corrective Action Plan” but it simply referred to the auditor’s SFQC for each finding number. Finally, we also saw several reporting packages that included the SSPAF and/or the CAP as separate sections within the auditor’s SFQC.

Keep in mind that §200.511 of the Uniform Guidance includes specific requirements for the CAP. It states the auditee must prepare a CAP, in a document separate from the auditor’s findings, that:

- addresses each audit finding included in the current year auditor's reports.
- provides the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.
- includes an explanation and specific reasons if the auditee does not agree with the audit findings or believes corrective action is not required.

Additionally, §200.511 also states that the SSPAF must be prepared by the auditee. While it does not specify that the SSPAF be included in a document separate from the auditor’s findings, including the SSPAF as part of the auditor’s SFQC may lead federal agencies and other users of the report to question who prepared the information.

Here are a few key points to take away from this article:

- Although the auditor may reference or summarize the CAP for the purpose of presenting the “views of responsible officials” element of an audit finding, doing so does not meet the Uniform Guidance requirement for the auditee to prepare a CAP in a document separate from the SFQC.
- Under the Uniform Guidance, the CAP and the SSPAF are required to address “audit findings” as defined in the Uniform Guidance which includes findings reported under *Government Auditing Standards* (Yellow Book) as well as findings related to federal awards. In at least one package we reviewed, the auditor only reported Yellow Book findings but there was no CAP presented by the auditee.

- Auditors and auditees should be aware that the AICPA Audit Guide, *Government Auditing Standards and Single Audits*, contains a best practice tip that auditors request that the CAP and SSPAF be placed on the auditee's letterhead.¹ Taking this step will make it clear to those reviewing reporting packages that the information in the CAP and the SSPAF are prepared by the auditee and that the requirements of the Uniform Guidance have been met. This is particularly relevant since the entire reporting package, including both auditor and auditee documents, is now required to be uploaded to the FAC in one PDF file.
- While the preparation of the CAP and SSPAF and their inclusion in the reporting package is an auditee requirement, the [federal desk review checklist](#) for reviews of single audit reports includes questions regarding whether the CAP is presented separately and contains all required elements and whether the SSPAF is appropriately presented.
- Both auditees and auditors should be cognizant of this practice issue and work together to ensure all parties are educated about the requirements in this area and that reporting packages are carefully reviewed prior to submission to the FAC. Issues in this area could result in the rejection of reporting packages, a follow-up inquiry from a federal agency, and/or a question about the quality of the single audit engagement.

This Article, *Practice Issue Noted with Auditee Corrective Action Plan and Summary Schedule of Prior Audit Findings*, is intended to help auditees subject to a single audit to comply with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

This Article has no authoritative status. Users of this Article should consult the original material referenced in the Article for a complete understanding of the underlying requirements and guidance.

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¹ In July 2017 after the AICPA Audit Guide was published, OMB released an updated [Frequently Asked Questions \(FAQ\) document](#) on topics relevant to implementation of the Uniform Guidance. FAQ .511-1 indicates that the "auditee must submit the corrective action plan on auditee letterhead."