



Preparing for your First Single Audit: An Auditee Perspective

September 14, 2020

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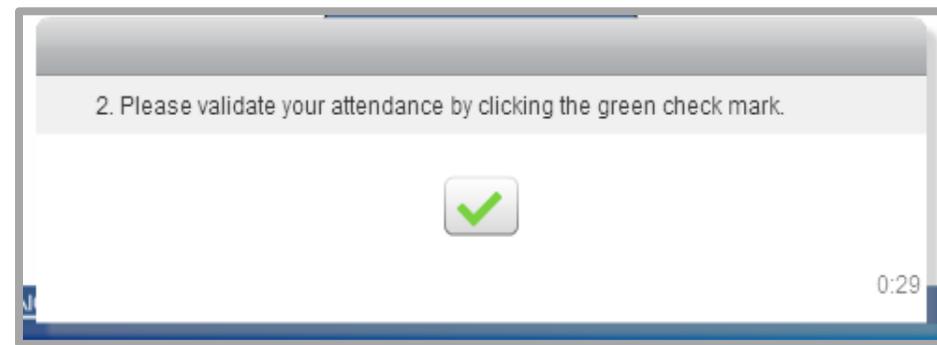
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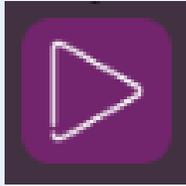


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Today's speakers



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What we will cover

Single audit overview

Auditee responsibilities

Auditor responsibilities

COVID-19 implications

Resources

Terminology & abbreviations

Assistance Listing number	This term is being transitioned to by the federal government from CFDA or Catalog of Federal Domestic number	GASB	Governmental Accounting Standards Board
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	GAS-SA Guide	AICPA Audit Guide, Government Auditing Standards and Single Audits
COSO	Committee of Sponsoring Organizations of the Treadway Commission	Green Book	Standards for Internal Control in the Federal Government
COVID-19	Novel Coronavirus	HHS	Department of Health and Human Services
DCF	Data Collection Form	HUD	Department of Housing and Urban Development
ED	Department of Education	I/C	Internal Control
F/S	Financial Statements	IHE	Institute of Higher Education
FAQ	Frequently Asked Questions	OMB	Office of Management and Budget
FAR	Federal Acquisition Regulations	PPP	Paycheck Protection Program
FAC	Federal Audit Clearinghouse	PTE	Pass-Through Entity
GAAP	Generally Accepted Accounting Principles	R&D	Research and Development
GAAS	Generally Accepted Auditing Standards	SBA	Small Business Administration
GAGAS or Yellow Book	Government Auditing Standards	SEFA	Schedule of Expenditures of federal Awards
GAO	Government Accountability Office	SFA	Student Financial Assistance
GAQC	Governmental Audit Quality Center	UG or 2 CFR 200 or Uniform Guidance	Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i>
GAS	Government Auditing Standards	USDA	Department of Agriculture

Single Audit Overview

What gives the single audit its authority?

Single Audit Act Amendments of 1996

- Enacted to streamline and improve the effectiveness of audits of federal awards and to reduce the audit burden on states, local governments, and not-for-profit entities
- Detailed implementation requirements for single audits (both auditee and auditor) contained in regulation

Uniform Guidance

- Current regulation that implements the Single Audit Act

***Title 2 U.S. Code of Federal Regulations
Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
(2 CFR 200, Uniform Guidance, or UG)***

When is a single audit required?

When a **nonfederal entity** expends **\$750,000 or more** of federal awards (either direct or indirect awards) in their fiscal year

So...what is a nonfederal entity and a federal award?



What is a nonfederal entity?

Includes all of the following that carry out a federal award as a recipient or subrecipient:

- States and local governments
- Not-for-profit organizations
- Indian tribes
- Institutions of higher education

What is a federal award?

Federal financial assistance that nonfederal entities receive directly from federal awarding agencies or indirectly from a PTE

Federal cost-reimbursement contracts under the FAR that a nonfederal entity receives directly from a federal awarding agency or indirectly from a PTE

- Terms and conditions set forth in grant agreement, cooperative agreement, other agreement, or cost-reimbursement contracts
- Does not include procurements under grants or contracts, used to buy goods or services

Examples include:

- Grants
- Contracts
- Cooperative agreements
- Loans
- Loan guarantees
- Property
- Interest subsidies
- Insurance
- Direct appropriations
- Endowments
- Other non-cash assistance
- Indirect state or local government transfers of federal funds

When does a federal expenditure occur?

Federal Awards	Basis for Determining When Expended
Grants, cost reimbursement contracts, compacts with Indian tribes, cooperative agreements under the FAR, and direct appropriations	When the expenditure or expense transactions occur
Amounts provided to subrecipients	When the disbursement is made to the subrecipient
Loan and loan guarantees	When the loan proceeds are used by the nonfederal entity
Donated property, including donated surplus property	When the property is received

When does a federal expenditure occur?

Federal awards	Basis for determining when expended
Food commodities	When the food commodities are distributed or consumed
Interest subsidies	When amounts are disbursed entitling the entity to the subsidy
Insurance	When the insurance is in force
Endowments	When federally restricted amounts are held
Program income	When received or used

How are federal awards valued?

Federal awards	Basis used to determine the value of federal awards expended
Loans and loan guarantees (loans), including interest subsidies	Amount expended equals the value of new loans made or received during the audit period plus the beginning of the audit period balance of loans from previous years for which the federal government imposes continuing compliance requirements, plus any interest subsidy, cash, or administrative cost allowance received. (The proceeds of loans that were received and expended in prior years are not considered federal awards expended under the UG when the federal statutes, regulations and terms and conditions of federal awards pertaining to such loans impose no continuing compliance requirements other than to repay the loans.)
Loans at IHE	Amount expended is the same as for loans and loan guarantees (loans), including interest subsidies, mentioned previously, except that when loans are made to students on an IHE but the IHE does not make the loans, then only the value of the loans made during the audit period must be considered federal loans. The balance of loans for previous audit periods is not included as federal awards expended because the lender accounts for prior balances.

How are federal awards valued?

Federal awards	Basis used to determine the value of federal awards expended
Insurance	Amount expended equals the fair value of the insurance contract at the time of receipt or the assessed value provided by the federal agency.
Endowments	Amount expended equals the cumulative balance of federal awards for endowment funds that are federally restricted in each audit period in which the funds are still restricted.
Free rent	Amount expended equals the fair value at the time of receipt or the assessed value provided by the federal agency. Free rent is not considered an award expended unless it is received as part of an award to carry out a federal program.
Food commodities and donated property (including donated surplus property)	Amount expended equals the fair value at the time of receipt or the assessed value provided by the federal agency.

What is the definition of a federal program?

All federal awards which are assigned a single number in the Assistance Listing

- Assistance Listing number is the number assigned to a federal program and can be found at beta.sam.gov

When no Assistance Listing number is assigned, all federal awards to nonfederal entities from the same agency made for the same purpose must be combined and considered one program

Notwithstanding the above, a cluster of programs (see next slide)

What is cluster of programs?

A grouping of closely related programs that share common compliance requirements

Clusters are treated as one program for the auditor's major program determination and testing

Clusters include:

- R&D
- SFA
- Other clusters as defined in the OMB *Compliance Supplement*

What does a single audit include and when is it required to be completed?

Single audit encompasses:

- F/S audit in accordance with AICPA standards (GAAS) and *Government Auditing Standards* (known as Yellow Book or GAGAS)
- Compliance audit in accordance with GAAS and the Uniform Guidance

Generally must be performed annually

Must be submitted to the FAC within the earlier of:

- 30 days after receipt of the auditor's reports; or
- 9 months after the end of the audit period

Who are the key federal players?

OMB - responsible for issuance and maintenance of single audit regulation and coordinating with grant-making federal agencies

Grant-making agencies (for example, HHS, ED, USDA, etc.)

GAO - responsible for issuance of the Yellow Book

FAC - Collects/ disseminates single audit information on behalf of OMB

Single Audit Coordinators

- Position in each IG office responsible for preventing/detecting fraud, waste, and abuse
- Often responsible for desk reviews and quality control reviews of single audits
- Usually familiar with the audit requirements

Key Management Single Audit Liaisons

Responsibilities defined in UG and include serving as the agency's management point of contact for the single audit process both within and outside the federal government

Single Audit Accountable Officials

A policy official of the awarding agency who can be responsible for overseeing agency management's role in audit resolution

Who are the key federal players?

Cognizant agency for audit

- For nonfederal entities expending more than \$50 million a year in federal awards
- Provides the predominant amount of direct funding unless OMB designates a specific cognizant agency for audit
- When the direct funding represents less than 25% of the total expenditures, the federal agency with the predominant amount of total funding is the designated cognizant agency for audit
- Provide technical audit advice and liaison assistance to auditees and auditors
- Obtain or conduct quality control reviews
- Provide support for government-wide quality study of single audits (performed every 6 years or at such other interval determined by OMB)
- Other duties to advise the community of auditors and specific auditors and coordinate audits or reviews with other federal agencies

Oversight agency for audit – for entities without a cognizant agency (\$50 million or less) – similar duties as cognizant agency

Key sections of the Uniform Guidance

Subpart A, 200.1 Acronyms & Definitions

Subpart B, 200.1XX – General Provisions

Subpart C, 200.2XX – Pre-Award – Federal Agencies

Subpart D, 200.3XX – Post Award – Recipients

Subpart E, 200.4XX – Cost Principles

Subpart F, 200.5XX – Audit

11 Appendices – I through XI Appendix X – SF-SAC
Appendix XI – Compliance Supplement

Subparts D and E are particularly relevant to auditees. Let's take a look!

Auditee Responsibilities

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**

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 and benefits)
 - §200.475 Travel costs

Internal control

Establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal 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 and the Green Book

Part 6 of the OMB *Compliance Supplement* is a very useful tool for identifying illustrative controls

What is in Part 6 of interest to auditees?

A summary of the requirements for I/C under the Uniform Guidance

A background discussion on important I/C concepts

Appendices with illustrative entity-wide and specific controls

We'll talk about the *Compliance Supplement* and how the auditor uses it later in the presentation.

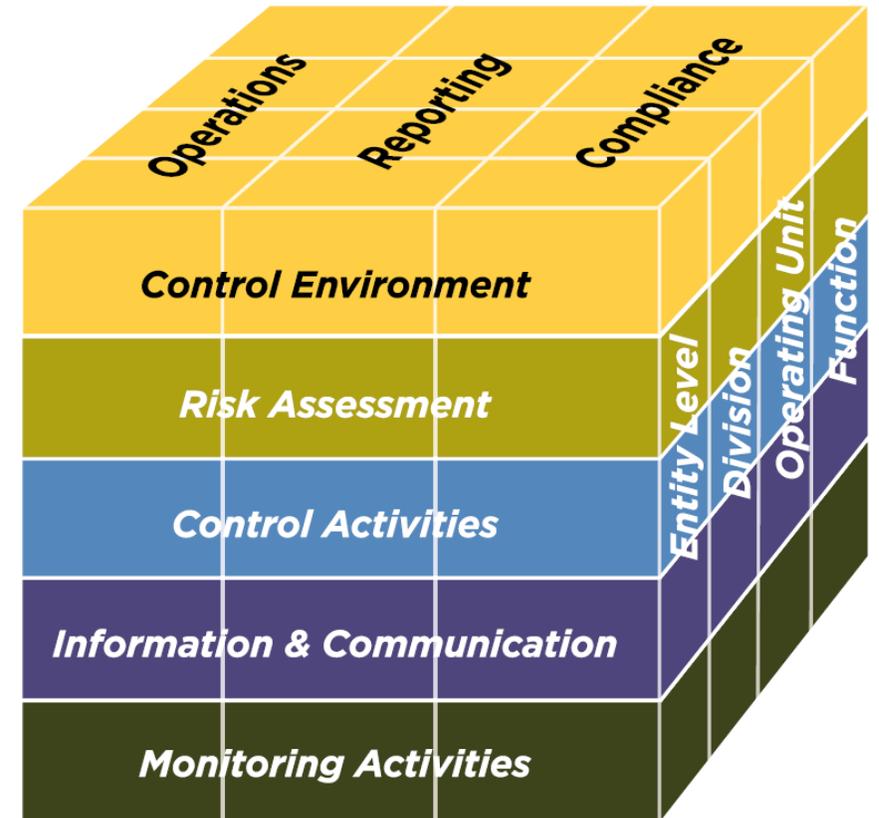
COSO: Internal control

3 Objectives

5 Components

17 Principles

- Applicable to each level of an organization

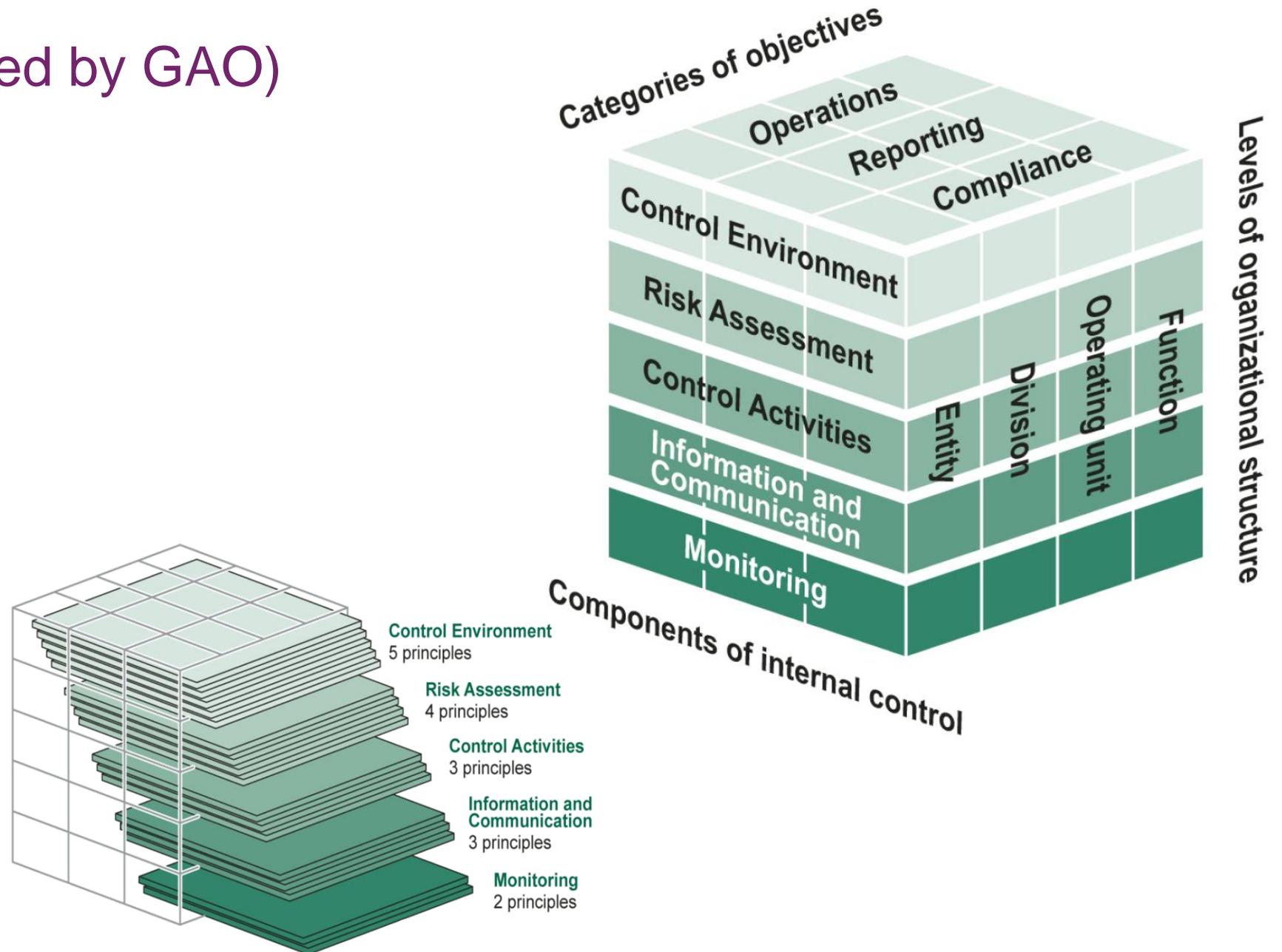


Green Book (issued by GAO)

3 Objectives

5 Components

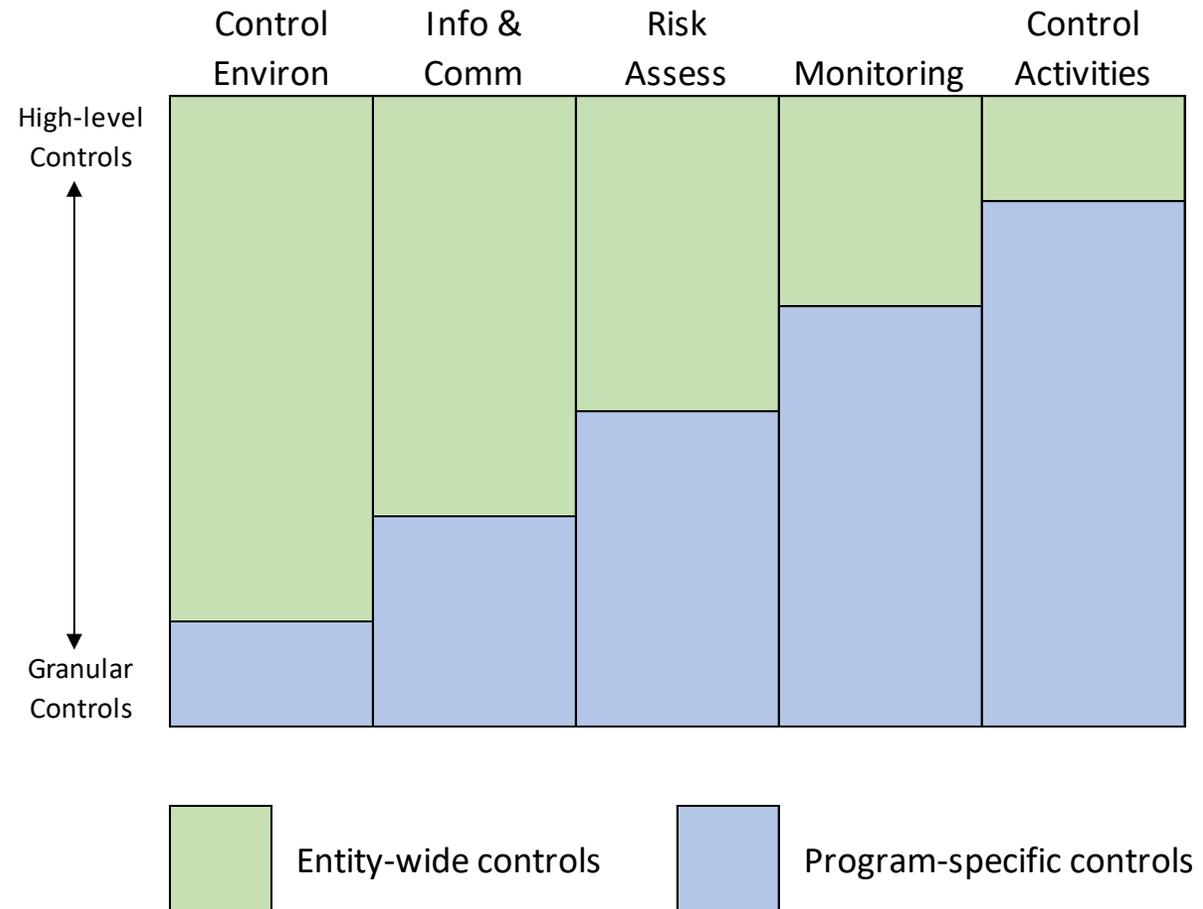
17 Principles



Components and principles

<u>Components of Internal Control</u>	<u>Principles</u>
<p>Control Environment - The set of standards, processes, and structures that provide the basis for carrying out internal control across the organization</p>	<ol style="list-style-type: none"> 1. Demonstrate Commitment to Integrity and Ethical Values 2. Exercise Oversight Responsibility 3. Establish Structure, Responsibility and Authority 4. Demonstrate Commitment to Competence 5. Enforce Accountability
<p>Risk Assessment - dynamic and iterative process for identifying and assessing the possibility that an event will occur and adversely affect the achievement of objectives</p>	<ol style="list-style-type: none"> 6. Define Objectives and Risk Tolerances 7. Identify, Analyze, and Respond to Risks 8. Assess Fraud Risk 9. Identify, Analyze, and Respond to Change
<p>Control Activities - actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out</p>	<ol style="list-style-type: none"> 10. Design Control Activities 11. Design Activities for the Information System 12. Implement Control Activities
<p>Information and Communication - 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</p>	<ol style="list-style-type: none"> 13. Use Quality Information 14. Communicate Internally 15. Communicate Externally
<p>Monitoring - 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</p>	<ol style="list-style-type: none"> 16. Perform Monitoring Activities 17. Evaluate Issues and Remediate Deficiencies

Documenting I/C over compliance



Other major provisions of Subpart D

Payments (grant draws/advances)

Cost sharing/matching

Program income

Budget revisions requiring prior approval

Property standards (ownership/inventory)

Subrecipient monitoring/management

Procurement standards

Procurement standards

States must use the same policies and procedures they use for procurements from their non-federal funds

Nonfederal entities other than states, including those operating federal programs as subrecipients of States, must follow the procurement standards set at § 200.318 through § 200.327

- Use documented procurement procedures
- No conflicts of interest
- Consider most economical purchase option

Procurement “Claw” Illustration



Auditor selection

Must follow UG procurement standards

Auditee must request a copy of the audit organization's peer review report

Restriction on auditor preparing indirect cost proposals

GAQC recommended factors to consider when hiring an auditor:

Demonstration of qualifications

Availability of staff with appropriate technical abilities

Extent of auditor's experience with organizations like yours

Results of the external peer review

Participation in quality improvement programs like the GAQC

Subpart E Cost Principles

Fundamental premise:

- Applying 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**

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 nonfederal entity

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

Indirect costs

Types of rates used by auditees

- Negotiated rate
- De minimis rate of 10% of modified total direct costs

Guidance and requirements for indirect costs and which rates can be used are included in Subpart E

Compensation – personal services

Requirements for:

- Reasonableness of compensation
- Assignment and allocation to federal awards

Time and distribution records must be maintained for all employees whose salary is:

- Paid in whole or in part with federal funds
- Used to meet a match/cost share requirement

Not based on budget estimates alone – needs to be **ACTUAL**

Full disclosure

- All time worked for the organization and what percentage is federal

Other auditee responsibilities

Arrange for single audit and ensure it is properly performed and submitted timely

Prepare F/S and SEFA

Promptly follow up and take corrective action on audit findings

Prepare summary schedule of prior audit findings (if there are prior audit findings)

Prepare corrective action plan (if there are findings)

Prepare the required data elements of the DCF

Other auditee responsibilities

Maintain I/C over federal programs (already discussed)

Comply with federal statutes, regulations, and the terms and conditions of federal awards

Evaluate and monitor compliance with statutes, regulations and the terms and conditions of federal awards

Take prompt action when noncompliance identified

Safeguard protected personally identifiable information

Details on the reporting required to be prepared by auditees

F/S

- Can be GAAP or special-purpose framework

SEFA

- UG establishes required elements and disclosures

Summary Schedule of Prior Auditing Findings

- Must report the status of all audit findings reported by the auditor in the prior year schedule of findings and questioned costs
- Best practice is to be on client letterhead

Corrective Action Plan

- Must prepare, in a document separate from the auditor's findings, a corrective action plan to address each audit finding included in the current year auditor's reports
- Required to be on client letterhead

Data Collection Form

- Summarizes the audit
- Parts of the form completed by the auditee and other parts completed by the auditor

Auditor Responsibilities

Auditor Responsibilities

Audit the F/S in accordance with GAAS and Yellow Book

Determine whether the F/S are presented fairly in all material respects in accordance with generally accepted accounting principles (or a special-purpose framework)

Determine whether the SEFA is stated fairly in all material respects in relation to the auditee's F/S as a whole

Understand I/C over federal programs and plan the audit to support low assessed level of control risk of noncompliance for major programs and perform testing of I/C over compliance

Auditor Responsibilities

Determine whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major programs

- Auditor uses the OMB *Compliance Supplement*, prepared by the federal government, to perform the audit
- Compliance testing must include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient appropriate audit evidence to support an opinion on compliance

Follow-up on prior audit findings

Report current year findings resulting from compliance and I/C over compliance testing

Complete and sign specified sections of the DCF

What is the *Compliance Supplement*?

Identifies the existing important compliance requirements that the federal government expects to be considered as part of a single audit

One of the most important pieces of guidance used in performing single audits.

Provides a source of information for auditors to understand federal program objectives, procedures, and compliance requirements

Includes audit objectives and suggested audit procedures for determining compliance with the noted requirements

Compliance Supplement sections and titles

Table of Contents

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 Supplement*

Appendix I, *Federal Programs Excluded from the A-102 Common Rule and Portions of 2 CFR Part 200*

Appendix II, *Federal Agency Codification of Governmentwide Requirements and Guidance for Grants and Cooperative Agreements*

Appendix III, *Federal Agency Single Audit, Key Management Liaison, and Program Contacts*

Appendix IV, *Internal Reference Tables*

Appendix V, *List of Changes for the 2019 Compliance Supplement*

Appendix VI, *Program-Specific Audit Guides*

Appendix VII, *Other Audit Advisories*

Appendix VIII, *Examinations of EBT Service Organizations*

Appendix IX, *Compliance Supplement Core Team*

**Remember that Part 6
may be particularly useful
to auditees**

What is the *Compliance Supplement*?

Compliance areas included:

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

Single Audit Process

UG – Subpart F Audit Requirements

Starts with the F/S audit conducted in accordance with GAAS and GAGAS

Adds requirements for testing compliance with federal grant regulations

Four primary stages to a single audit:

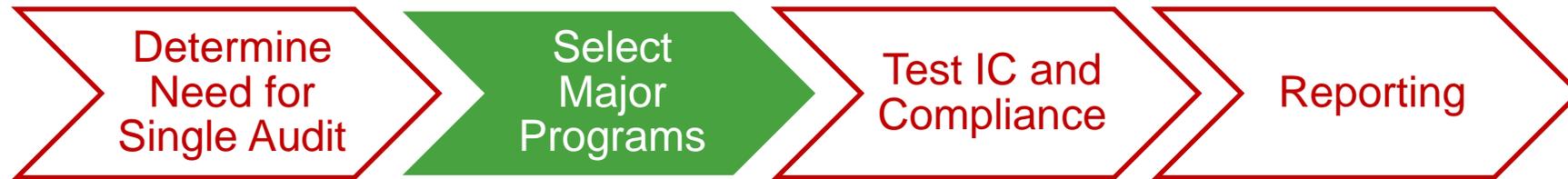


Single Audit Process



- Obtain SEFA from client
- Determine if over the \$750K threshold
- If so, single audit is required

Single Audit Process



- Uniform Guidance defines process auditor must follow
- Auditor breaks programs down into larger (Type A) and smaller (Type B) programs
- Risk assessments (in part using criteria in UG and, in some cases auditor judgement, determine which programs will be tested)
- Amount of coverage also dependent on whether auditee is considered low-risk (also defined in UG)

Single Audit Process



- Auditors test compliance and internal control over compliance for major programs
- *Compliance Supplement* is key driver of this work

Single Audit Process



- Result of single audit is a “reporting package” consisting of information prepared by the auditee and the auditor
- See next slide for contents of reporting package

Reporting package content

F/S and SEFA (auditee)

Opinion and in-relation-to opinion on the SEFA (auditor)

Yellow Book report (auditor)

Single audit compliance opinion (auditor)

Schedule of Findings and Questioned Costs (auditor)

- Prepared for all single audits
- Summarizes audit results and reports any findings
- Questioned costs >\$25K

Summary Schedule of Prior Audit Findings (auditee)

Corrective Action Plan (auditee)

Data Collection Form gets submitted with reporting package (auditee and auditor joint effort)

COVID-19 Impact on Single Audit

COVID-19 funding - new and existing programs

New programs: At least 20 new programs

CARES Act provided many existing programs with additional funding

Some existing federal programs have been granted significant flexibilities and/or waivers of compliance requirements by federal agencies such as:

- SFA
- Child Nutrition Cluster
- HUD programs

Applicable Laws

- **Coronavirus Preparedness and Response Supplemental Appropriations Act**
- **Families First Coronavirus Response Act**
- **Coronavirus Aid, Relief, and Economic Security Act (CARES Act)**
- **Future relief funding?**

COVID-19 funding – the largest 4 new programs

Paycheck Protection Program

(>\$600B)

Federal Agency: SBA

For-profits, NFPs

Is not subject to single audit

Assistance Listing: 59.073

Provider Relief Fund (\$175B)

Federal Agency: HHS

For-Profits, NFPs, Governmental
Entities

Is subject to single audit

Assistance Listing: 93.498

Coronavirus Relief Fund

(\$150B)

Federal Agency: Treasury

Governmental Entities and Tribes

Is subject to single audit

Assistance Listing: 21.019

Educational Stabilization

Fund (\$30.75B)

Federal Agency: Education

States, Schools, IHE

Is subject to single audit

Assistance Listing: 84.425

A quick “extra” word on PPP

Common question: Even though PPP is not subject to single audit, does it have to be included on the SEFA anyway because it has an Assistance Listing number?

Answer: No; only programs subject to single audit are included on the SEFA

Reminder: Per [OMB Memo M-20-26](#): “...payroll costs paid with the PPP loans or any other Federal CARES Act programs must not be also charged to current Federal awards as it would result in the Federal government paying for the same expenditures twice.”

Listen to [June 30th GAQC single audit event archive](#) for more information on OMB Memo M-20-26

GAQC summary of new COVID-19 programs and related guidance

- Nonauthoritative summary of new federal COVID-19 programs and whether each is subject to single audit
- Developed based on public information in <https://beta.sam.gov/>; updated periodically
- Open to the public
- Includes relevant links to federal agency Web sites and other pertinent information the GAQC is aware of regarding each program
- [Access the summary](#)

Be sure to check the GAQC Web site regularly to check the “as of” date. If it has changed, you will know there has been an update. Current “as of” date is 9/4/20.

List of existing programs receiving CARES funding

- Recent federal FAQ includes a listing of existing federal programs that were funded through the CARES Act and other supplemental appropriations to support the response to the COVID-19 crisis
- Listing can be found in Appendix A to the FAQ
- [Access the listing](#)

Appendix A: List of COVID-19 Federal Assistance Programs

The below list of COVID-19 Federal assistance programs was published through the Assistance Listings in www.beta.sam.gov as of the publication of this FAQ.

Assistance Listing	Federal Agency	Program Name/s
10.130	Department of Agriculture (USDA)	Coronavirus Food Assistance Program (CFAP)
10.475	Department of Agriculture (USDA)	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
10.477	Department of Agriculture (USDA)	Meat, Poultry, and Egg Products Inspection
10.529	Department of Agriculture (USDA)	Food Distribution Program on Indian Reservations (FDPIR) Nutrition Paraprofessional Training Project
10.539	Department of Agriculture (USDA)	CNMI Nutrition Assistance
10.551	Department of Agriculture (USDA)	Supplemental Nutrition Assistance Program
10.553	Department of Agriculture (USDA)	School Breakfast Program
10.555	Department of Agriculture (USDA)	National School Lunch Program
10.556	Department of Agriculture (USDA)	Special Milk Program for Children
10.557	Department of Agriculture (USDA)	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Department of Agriculture (USDA)	Child and Adult Care Food Program
10.559	Department of Agriculture (USDA)	Summer Food Service Program for Children
10.566	Department of Agriculture (USDA)	Nutrition Assistance For Puerto Rico
10.567	Department of Agriculture (USDA)	Food Distribution Program on Indian Reservations
10.568	Department of Agriculture (USDA)	Emergency Food Assistance Program (Administrative Costs)
10.569	Department of Agriculture (USDA)	Emergency Food Assistance Program (Food Commodities)
10.570	Department of Agriculture (USDA)	WIC Grants To States (WICG)

When should expenditures go on the SEFA?

New COVID-19 programs are introducing challenges to normal process

- Cash received well before award/terms and conditions agreed to
- New concept of lost revenue
- Ability to choose which costs are charged to a particular award is at a level we have not encountered before

General rule of thumb for SEFA inclusion

- Underlying activity occurs
- There is an award/terms of conditions
- Not necessarily tied to GAAP recognition of revenue

**Challenges
in this area
exist for both
direct awards
and awards
received
from PTEs**

When is there an award (or terms and conditions)?

Very challenging to determine in some cases, especially when funds received in advance

- Typical awarding process not followed due to pandemic crisis
- May not be a “signed” document

Audit procedures in this area may include:

- Discussions with management and results of management discussions with PTEs, when applicable
- Review of client records including Board minutes and e-mail correspondence



**Documentation
will be
important!**

Separate identification of COVID-19-related awards

Per OMB *Compliance Supplement*, Appendix VII, nonfederal entities should separately identify COVID-19 expenditures on the SEFA and DCF

- This includes both new and existing programs

SEFA Presentation

- On a separate line by Assistance Listing number with “COVID-19” as a prefix to the program name or on a separate row

SEFA Example:

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

DCF presentation example:

Row Number (auto-generated)	CFDA #		Additional Award Identification ³	Federal Program Name	Amount Expended	Cluster Name	Federal Program Total ⁴ (auto-generated)	Cluster Total ⁵ (auto-generated)
	Federal Awarding Agency Prefix ¹	CFDA Three-Digit Extension ²						
					(\$)		(\$)	(\$)
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			

Per OMB Compliance Supplement, Appendix VII, nonfederal entities should present on a separate row by Assistance Listing number with “COVID-19” as the first characters in Part II, Item 1c, of the DCF

Compliance Supplement delays will likely delay audit completion

First part of *Compliance Supplement*

- Issued on August 18, 2020, primarily what was developed prior to COVID-19 pandemic
- Effective for audits of fiscal years beginning after June 30, 2019
- Access [OMB single pdf file of 2020 Supplement](#)
- Access [GAQC posting of 2020 Supplement by section](#)

Second part of *Compliance Supplement* –

- Addendum to be issued in fall and will cover several new COVID-19 programs and several existing programs with changes
- Auditors need the addendum to access information about federal expectations for auditing new CARES funding

2020 OMB Compliance Supplement (By Section)

August 18, 2020



- [Learn more about the GAQC](#)
- [Access GAQC Alerts](#)
- [Access GAQC COVID-19 Resources](#)
- [Access archived GAQC Web events](#)

IMPORTANT NOTICE: On August 18, 2020, the Office of Management and Budget (OMB) released the final 2020 OMB Compliance Supplement (the Supplement). See *GAQC Alert #413* for more details. The Supplement was released on the OMB Web site in one large PDF file at: https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement_FINAL_08.06.20.pdf. As a public service, the GAQC has posted the Supplement by individual section here. Each section was excerpted from the official full PDF file.

OMB has stated that an addendum to the Supplement will be released sometime in the Fall of 2020 to address certain of the new federal programs established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as several existing programs impacted by COVID-19. Once the addendum is released, the GAQC will add it to the posting below. Look for a *GAQC Alert* announcing the release of the addendum in the Fall.

Section, Part, Program, or Appendix		Comments
Title Page		
Table of Content		
Part 1		
Part 2		
Part 3		
Part 4 Introduction		

Why the delay? Consider these two very large new programs as examples...

Coronavirus Relief Fund

- Treasury FAQ says only UG sections on subrecipient monitoring and I/C over compliance apply
- However, it appears that other requirements could apply (e.g., allowable costs, earmarking (45% pass-through payments), eligibility (subrecipients), cash management (advance funding, interest earnings being reinvested in the program), and reporting would apply
- Numerous questions submitted by GAQC to Treasury about a lack of clarity on compliance requirements

Provider Relief Fund

- HHS has not clearly defined the concept of lost revenue which is critical to determining amounts that will appear on the SEFA
- Numerous questions submitted by GAQC to HHS about a lack of clarity on compliance requirements

GAQC is recommending auditors wait for this reason!

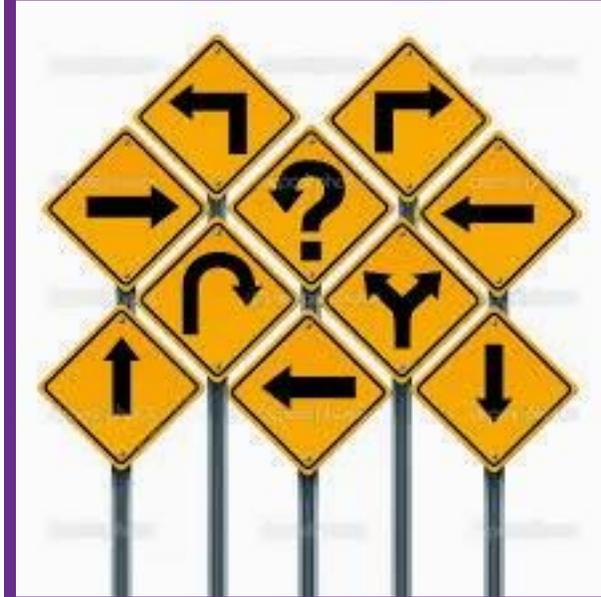
What is the one certainty for 2020 single audits? Challenges!

Since COVID-19 funds were released very quickly, many federal agencies are having to develop program and audit policy on the back end

Has led to numerous questions and uncertainty

The result will be significant challenges for your 2020 single audits

Documentation of key decisions by both auditees and auditors is more critical than ever this year!



Final tips for being prepared for your single audit

Most important – have a draft SEFA ready!

- Should also have a reconciliation between SEFA amounts and the F/S and other SEFA supporting documentation.

Have readily accessible written policies and procedures

Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed

Identify and address problem areas in advance and communicate with your auditor in the early stages on any known issues

Resources

Accessing key single audit-related information

How to access the Uniform Guidance

- Codified in [Title 2 of CFR, Subtitle A, Chapter II, Part 200](#)
- [Electronic Code of Federal Regulations \(e-CFR\)](#) version

Current *Compliance Supplement* is available at:

- <https://www.whitehouse.gov/omb/management/office-federal-financial-management/>
- [2020 OMB Compliance Supplement \(By Section\)](#) posted on the GAQC Web site

GAQC resources - web site (www.aicpa.org/GAQC)

Key areas to check out and/or bookmark:

- [Auditee Resource Center](#)
 - [Auditee Single Audit Resources](#) Web page
- [2020 Compliance Supplement Tool](#)
- Access [archived GAQC Alerts](#) in chronological order
- Access [archived GAQC Web events](#)
 - Single Audit Fundamentals Series (Archived version coming soon!)
- [Uniform Guidance auditor resources](#) Web page ([including COVID-19 section](#))
- GAQC [Membership Listings](#)

More Resources

AICPA Audit Guide, *Government Auditing Standards and Single Audits*

[Illustrative Auditors Reports](#) (note the 2020 illustrative reports will be posted soon!)

- Single Audit, Yellow Book, SLG, HUD

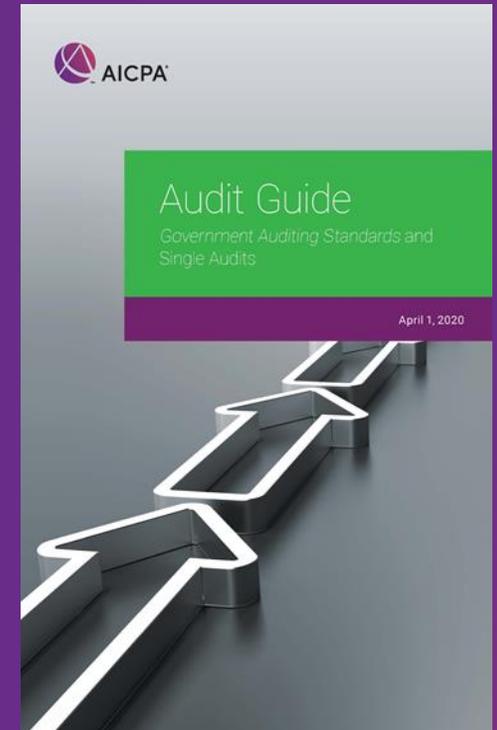
[SEFA Practice Aids](#) (for both auditors and auditees)

[Yellow Book tools and resources](#)

[Other Compliance Audit Information](#) Web page

[GASB Matters](#)

[HUD Information](#) Web page



Order now at:

<http://www.aicpastore.com/>

Relevant recent archived GAQC Web events

Event from September 9, 2020, titled, *2020 Supplement and COVID-19 Single Audit Implications*. [Access the archived event.](#)

Event from June 30, 2020, titled, *2020 Compliance Supplement and Single Audit Update*. [Access the archived event.](#)

GAQC Single Audit Fundamentals

If you have staff that need the basics, GAQC offering a 4-part session as follows:

Single Audit Fundamental Series. See specific dates and times below for rebroadcasts. [Use this link to register for all 4 parts.](#)

Part 1: What is a Single Audit? A Basic Background and Overview. October 1, 2020, from 11:00 AM – 1:00 PM. [Use this link to register for Part 1 only.](#)

Part 2: Major Program Determination. October 1, 2020, from 2:00 PM – 4:00 PM. [Use this link to register for Part 2 only.](#)

Part 3: Understanding and Testing Compliance Requirements and Internal Control over Compliance. October 2, 2020, from 11:00 AM – 1:00 PM. [Use this link to register for Part 3 only.](#)

Part 4: Overview of Sampling and Single Audit Reporting Requirements. October 2, 2020, from 2:00 PM – 4:00 PM. [Use this link to register for Part 4 only.](#)

Additional rebroadcast dates – Nov. 2 & 3 and Dec. 17 & 18

Panel discussion - What do you think is the most important takeaway from today's Web event?





Thank you