APPENDIX VII

OTHER AUDIT ADVISORIES

I.  Novel Coronavirus (COVID-19)

This section of the addendum is provided in addition to the section of the same title in the 2020 Supplement. This advisory highlights the following areas affecting single audits arising due to COVID-19:

- Single audit due dates – Additional Extension
- Treatment of donated personal protective equipment (PPE) on the Schedule of Expenditures of Federal Awards (SEFA)
- Agency Guidance Document References

**Single Audit Due Dates – Additional Extension**

Due to the large size of the COVID-19 programs and the federal government dependency on single audit reports to assist with proper oversight over these funds, we strongly encourage the auditees and auditors to complete and submit their relevant portions of single audit reporting packages for fiscal year ends, subject to the provisions of the extension described herein, as early as possible prior to the normal due dates of the earlier of thirty days after the receipt of the auditor’s reports or nine months after the fiscal year end date.

In light of the late issuance of audit guidance for the COVID-19 programs contained in this addendum, awarding agencies, in their capacity as cognizant or oversight agencies for audit, must allow recipients and subrecipients that received COVID-19 funding with original due dates from October 1, 2020, through June 30, 2021, an extension for up to three (3) months beyond the normal due date in the completion and submission of the Single Audit reporting package. No further action by awarding agencies is required to enact this extension.

This extension is in addition to the changes in due dates discussed in the 2020 Compliance Supplement on page 8-VII-4 under “COVID-19 Related OMB memoranda” and page 8-VII-5 under “Single Audit due dates.”

This extension does not require individual recipients and subrecipients to seek approval for the extension by the cognizant or oversight agency for audit; however, recipients and subrecipients should maintain documentation of the reason for the delayed filing. Recipients and subrecipients taking advantage of this extension would still qualify as a “low-risk auditee” under the criteria of 2 CFR section 200.520(a) – *Criteria for a low-risk auditee.*

**Donated Personal Protective Equipment (PPE)**

During the emergency period of COVID-19 pandemic and as allowed under OMB Memorandum M-20-20 (April 9, 2020), federal agencies and recipients can donate PPE purchased with federal
assistance funds to various entities for the COVID-19 response. The donated PPE were mostly provided without any compliance or reporting requirements or assistance listing (CFDA) information from the donors. As such, the non-federal entities that received donated PPE should provide the fair market value of the PPE at the time of receipt as a stand-alone footnote accompanying their SEFA. The amount of donated PPE should not be counted for purposes of determining the threshold for a single audit or determining the type A/B threshold for major programs, and is not required to be audited as a major program. Because donated PPE has no bearing on the single audit, the donated PPE footnote may be marked “unaudited.”

Agency Guidance Document References for Programs in the Addendum

The COVID-19 pandemic has led many federal agencies to issue implementing guidance (e.g., frequently asked questions, memos) outside of the normal regulatory process for new and existing programs receiving COVID-19 funding. Such guidance is issued to communicate an agency’s understanding of how the relevant statutes, regulations, or the terms and conditions of the federal awards to the extent they exist and apply to a particular circumstance, but it does not create new compliance requirements. Due to the evolving nature of the pandemic environment, it has been common for federal agencies to update, change, or delete their specific guidance over time.

The programs sections in this addendum often refer auditors to agency guidance documents to obtain a better understanding of statutory and regulatory compliance requirements subject to audit. When evaluating a non-federal entity’s compliance, auditors must consider provisions of federal statutes, regulations, and the terms and conditions of federal awards. However, auditors may also consider guidance documents in effect during the period to understand the program requirements. An auditor may conclude whether the non-federal entity is in compliance with a type of compliance requirement based on consideration of applicable implementing guidance in effect at the time of the activity or transaction.

When citing criteria for audit findings, 2 CFR 200.516(b)(2) indicates the following information must be included in finding detail: “The criteria or specific requirement upon which the finding is based, including the Federal statutes, regulations, or the terms and conditions of the Federal awards.” Therefore, auditors should refer to a statute, regulation, or term and condition as criteria for the audit finding.