

**BPM**



# **Uniform Guidance and Single Audit Requirements for 2021 and Beyond**

Shannon Winter  
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# Agenda

- Uniform Guidance
- Recent Developments
- Schedule of Expenditures of Federal Awards (SEFA)
- Single Audit Reporting Package
- Compliance Requirements

# Uniform Guidance

# Access Information - Uniform Guidance

- [Electronic Code of Federal Regulations \(e-CFR\)](http://www.ecfr.gov) – [www.ecfr.gov](http://www.ecfr.gov)
- 2 CFR 200 – [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (also referred to as the Uniform Guidance)

# Uniform Guidance Update

- OMB must review the Uniform Guidance regulation every five years (2 CFR 200.109)
- Due process effort undertaken; OMB did not address comments received considered to be “out of scope”
- First five-year review resulted in August 2020 issuance of a *Federal Register* notice, *Guidance for Grants and Agreements*
- OMB also took other regulatory action in August 2020 issuance that we will discuss today, but main emphasis will be the Uniform Guidance revisions
- All actions were made in *Title 2, Grants and Agreements* (2 CFR)

# Uniform Guidance Update

- [2 CFR Revisions \(Redlined\)](#) - Nonauthoritative OMB reference document providing a markup identifying changes
- [2 CFR Revisions \(85 FR 49506\) Crosswalk](#) - Document posted on [www.cfo.gov](http://www.cfo.gov) that compares the revisions to 2 CFR made in August 2020 with previous CFR guidance
- <https://ecfr.federalregister.gov/current/title-2/subtitle-A/chapter-II> - [beta site](#) - Allows user to access current version of 2 CFR and also refer to historical versions
- FAQs, [Prohibition on Covered Telecommunications and Video Surveillance Services or Equipment](#) - addresses questions surrounding updates to section 200.216 of 2 CFR

# Uniform Guidance Update – Effective dates

- The final regulation indicates two sections were effective on August 13, 2020
- Remainder of revisions were effective on November 12, 2020
- Although not directly addressed in the UG, OMB staff has stated that the UG revisions will apply to new awards issued on or after the effective date
  - OMB also reminds recipients that they should have updated their internal policies to align with the revisions.
- GAQC is still trying to confirm with OMB how the effective date is to be implemented (e.g., can new procurement thresholds be applied to awards issued prior to November 12<sup>th</sup>?)
- Hopeful that future guidance to be issued by OMB will address this question directly

# Uniform Guidance Update – Agency Adoption

- Technically federal agencies need to take action to adopt the updated regulations in their individual agency regulations
- 10 federal agencies adopted the original UG by reference and thus do not need to take action to adopt the revisions (i.e., it is automatic)
  - Department of Commerce
  - Department of Homeland Security
  - Gulf Coast Restoration Council
  - Housing and Urban Development
  - Institute of Museum and Library Services
  - National Endowment for Arts
  - National Endowment for Humanities
  - Office of the National Drug Control Policy
  - Social Security Administration
  - Veterans Affairs



# Uniform Guidance

- Subpart A – Acronyms and Definitions
- Subpart B – General Provisions
- Subpart C – Pre-Federal Award Requirements and Contents of Federal Award
- Subpart D – Post-Federal Award Requirements
- Subpart E – Cost Principles
- Subpart F – Audit Requirements
- Appendix I – Notice of Funding Opportunity
- Appendix II – Contract provisions for non-Federal entity contracts under Federal awards
- Appendix III– Indirect (F&A) costs identifications and assignment, and rate determination for Institutes of Higher Education (IHEs)

# Uniform Guidance

- Appendix IV – Indirect (F&A) costs identifications and assignment, and rate determination for Nonprofit Organizations
- Appendix V – State/Local Governmentwide Central Service Cost Allocation Plans
- Appendix VI – Public Assistance Cost Allocation Plans
- Appendix VII – Statements and Local Government and Indian Tribe Indirect Costs Proposals
- Appendix VIII – Nonprofit Organizations Exempted From Subpart E of Part 200
- Appendix IX – Hospital Cost Principles
- Appendix X – Data Collection Form (Form SF-SAC)
- Appendix XI – Compliance Supplement
- Appendix XII – Award Term and Condition for Recipient Integrity and Performance Matters (NEW)

# Subpart A – Acronyms and Definitions

- Definitions – now listed under 200.1 alphabetically
  - Previously listed as 200.1 – 200.99
- ***Budget Period*** - The time interval from the start date of a funded portion of an award to the end date of that funded portion during which recipients are authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to §200.308.
- ***Period of Performance*** - The total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. Identification of the period of performance in the Federal award per §200.211(b)(5) does not commit the awarding agency to fund the award beyond the currently approved budget period.

# Subpart A – Acronyms and Definitions

- **Recipient** - An entity, usually but not limited to non-Federal entities that receives a Federal award directly from a Federal awarding agency. The term recipient does not include subrecipients or individuals that are beneficiaries of the award.
- **Subaward** - An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
- **Subrecipient** - 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.

# Subpart A – Acronyms and Definitions

- ***Personally Identifiable Information (PII)*** - Information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. Some information that is considered to be PII is available in public sources such as telephone books, public websites, and university listings. This type of information is considered to be Public PII and includes, for example, first and last name, address, work telephone number, email address, home telephone number, and general educational credentials. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual.

Internal Controls need to take measures to protect PII

# Subpart B – General Provisions

## §200.101 Applicability.

- Use of “should” and “must”
  - Must = required
  - Should/May = best practices or recommended approach

# Subpart C – Pre-Federal Award Requirement and Contents of Federal Awards

## **§200.206 Federal awarding agency review of risk posed by applicants.**

Federal awarding agency ***must*** have in place a framework for evaluating the risk posed by applicants before they receive Federal awards. The following items may be included:

- *Financial stability*
- *Management system and standards*
- *History of performance*
- *Audit reports and findings*
- *Ability to effectively implement requirements*
- *Risk-based requirement adjustments*
- *Suspension and debarment compliance*

# Subpart C – Pre-Federal Award Requirement and Contents of Federal Awards

New provisions:

## **§200.215 Never contract with the enemy.**

Federal awarding agencies and recipients are subject to the regulations implementing Never Contract with the Enemy in 2 CFR part 183. The regulations in 2 CFR part 183 affect covered contracts, grants and cooperative agreements that are expected to exceed \$50,000 within the period of performance, are performed outside the United States and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities.



# Subpart C – Pre-Federal Award Requirement and Contents of Federal Awards

New provisions:

## **§200.216 Prohibition on certain telecommunications and video surveillance services or equipment. (Effective August 13, 2020)**

(a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

- Procure or obtain;
- Extend or renew a contract to procure or obtain; or
- Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system

# Subpart D – Post Federal Award Requirements

## §200.320 Methods of procurement to be followed.

The non-Federal entity ***must*** have and use documented procurement procedures, consistent with the standards of this section and §200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

- 1) *Micro-purchases* – raised from \$3,500 to \$10,000
- 2) *Small purchases* – simplified acquisition threshold raised from \$150,000 - \$200,000
- 3) *Sealed bid* – firm fixed-price contract, 2 or more bidders
- 4) *Competitive proposals*
- 5) *Noncompetitive proposals*

# Subpart D – Post Federal Award Requirements

## §200.328 Financial reporting.

Unless otherwise approved by OMB, the Federal awarding agency **must** solicit only the OMB-approved government wide data elements for collection of financial information. This information **must** be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting. The Federal awarding agency **must** use OMB-approved common information collections, as applicable, when providing financial and performance reporting information.

# Subpart D – Post Federal Award Requirements

## §200.329 Monitoring and reporting program performance.

- *Monitoring by the non-Federal entity.* responsible for oversight of the operations of the Federal award supported activities.
- *Reporting program performance.* must use OMB-approved common information collections when providing financial and performance reporting information. Reporting requirements must be clearly.
- *Non-construction performance reports.* must use standard, governmentwide OMB-approved data elements for collection of performance information including performance progress reports, Research Performance Progress Reports.
- *Construction performance reports.* Onsite technical inspections and certified percentage of completion data for construction.

# Subpart D – Post Federal Award Requirements

## **§200.329 Monitoring and reporting program performance.**

- *Significant developments.* Must inform the Federal awarding agency or pass-through entity as soon as the conditions become known
- *Site visits.* The Federal awarding agency may make site visits as warranted by program needs.
- *Performance report requirement waiver.* The Federal awarding agency may waive any performance report required by this part if not needed.

# Subpart D – Post Federal Award Requirements

## §200.331 Subrecipient and contractor determinations.

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity **must** make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a **subrecipient** or a **contractor**. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

# Subpart E – Cost Principles

## §200.403 Factors affecting allowability of costs.

- Be necessary and reasonable
- Conform to any limitations
- Be consistent with policies and procedures
- Be accorded consistent treatment
- Be determined in accordance with GAAP
- Not be included as a cost or used to meet cost sharing or matching requirements
- Be adequately documented (contracts, PO, support)
- **Must** be incurred during the approved budget period

# Subpart E – Cost Principles

## §200.413 Direct costs.

- *General.* Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

## §200.414 Indirect (F&A) costs.

- *Facilities and administration classification.* For major nonprofit organizations, indirect (F&A) costs must be classified within two broad categories: “Facilities” and “Administration.” “Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. “Administration” is defined as general administration and general expenses such as the director's office, accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities”.



# Subpart E – Cost Principles

## **§200.414 Indirect (F&A) costs.**

- (*Federal Agency Acceptance of Negotiated Indirect Cost Rates.* (See also §200.306.)
  - The negotiated rates must be accepted by all Federal awarding agencies. A Federal awarding agency may use a rate different from the negotiated rate for a class of Federal awards or a single Federal award only when required by Federal statute or regulation, or when approved by a Federal awarding agency head or delegate.
  - May elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. No documentation is required to justify the 10% de minimis indirect cost rate.

General Provision for Selected Cost Items in detail starts at **§200.420**

# Subpart F – Audit Requirement

## §200.501 Requirements.

- *Audit required.* A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.
- *Single audit.* A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section.
- *Program-specific audit election.* When an auditee expends Federal awards under only one Federal program (excluding R&D) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit.

# Subpart F – Audit Requirement

## **§200.502 Basis for determining Federal awards expended.**

- *Determining Federal awards expended.* The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost-reimbursement contracts under the FAR; the disbursement of funds to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or use of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and the period when insurance is in force.

# Recent Developments

# Update on COVID-19 Funding

- Multiple funding source and agencies have additional funding and new program
- [AICPA GAQC Summary of Uniform Guidance Applicability for New COVID-19 Related Federal Programs \(as of February 16, 2021\)](#)
- <https://www.aicpa.org/content/dam/aicpa/interestareas/government%20auditquality/resources/singleaudit/uniformguidanceforfederalrewards/downloadabledocuments/gaqc-summary-of-applicability-for-new-coronavirus-related-fed-programs-20200616.pdf>

# American Rescue Plan (ARP) Act

Three main funding programs:

- 1) Coronavirus State and Local Recovery Fund
- 2) Emergency Stabilization Fund
- 3) Emergency Rental Assistance Program

# Shuttered Venue Operators Grant

- Portal reopened on April 18, 2021
- Eligible entities – live venue operators, theatrical producers, live performing arts organizations, relevant museum/zoo/aquariums, motion picture theater operators, talent representatives
- Must have been in operations as of February 29, 2020
- May have grant reduced by PPP loan depending on when PPP loan was issued
- Grants are based on gross earning revenue factor
- <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/shuttered-venue-operators-grant>

# OMB Memo M-21-20

[https://www.whitehouse.gov/wp-content/uploads/2021/03/M\\_21\\_20.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/03/M_21_20.pdf)

Focus on Accountability and Transparency:

- 1) Improving Program and Service Design to Achieve More Equity-Oriented Results for Federal Financial Assistance
- 2) Ensuring Robust and Transparent Reporting
- 3) Three Appendices with additional information:
  - 1) Management of Payment Integrity Risks
  - 2) Achieving More Equity-Oriented Results for Financial Assistance
  - 3) Disaster Relief Flexibilities to Reduce Burden for Financial Assistance



# Achieving More Equity-Oriented Results for Financial Assistance

- 1) *Performance Reporting* – measure recipient’s performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices
- 2) *Risk Management* – maximize use of risk management approaches to direct technical assistance and administrative relief for crisis response to funding recipients
- 3) *Procurement of Common or Shared Goods* – encourage recipient to enter into agreement where appropriate for procurement for use of common or shared goods and services
- 4) *Financial Assistance Awards to For-Profit Organizations* – expected to follow the requirements in 2 CFR part 200 for financial assistance awards to for-profit organizations and require Federal awarding agencies to develop a set of standard terms and conditions that are clear and transparent for awards to for-profit organization

# Achieving More Equity-Oriented Results for Financial Assistance

- 5) *Other Types of Federal Financial Assistance* – agencies should apply the requirement of 2 CFR part 200 to all types of financial assistance awards funded through the ARP
- 6) *Use of Single Audit to drive accountability and transparency* - Non-Federal entities with \$750,000 or more in federal expenditures are required to have a Single Audit and agencies should notify auditors of the compliance requirement for ARP program which may be designated as a higher risk program

# Disaster Relief Flexibilities to Reduce Burden for Financial Assistance

- 1) *Pre-award costs* – agencies may allow necessary pre-award costs that are incurred from March 15, 2021 through the Public Health Emergency Period or prior to Federal award effective date
- 2) *No-cost extensions on expiring awards* – agencies may extend awards that were active March 31, 2021 and scheduled to expire prior or up to December 31, 2021 automatically at no cost for a period of up to 12 months
- 3) *Exemption of certain procurement requirements* – agencies may waive the procurement requirements containing in 2 CFR 200.319(b) 2 CFR 200.321 – still need appropriate records and documentation for charges
- 4) *Extension of financial and other reporting* – agencies may allow recipient to delay submission of financial, performance, and other reports up to three months beyond normal due date

# Disaster Relief Flexibilities to Reduce Burden for Financial Assistance, continue

5) *Extension of Single Audit submission* - agencies should allow recipients and subrecipients that have not yet filed their single audits with the Federal Audit Clearinghouse as of March 19, 2021 that have fiscal year-ends through June 30, 2021 to delay the completion and submission to six month beyond the normal due date – no approval needed but documentation of the reason for the delayed filing should be maintained

<u>Fiscal Year End</u>	<u>Normal Due Date</u>	<u>Potential Extended Due Date</u>
June 30, 2020	March 31, 2021	September 30, 2021
July 31, 2020	April 30, 2021	October 30, 2021
August 31, 2020	May 31, 2021	November 30, 2021
September 30, 2020	June 30, 2021	December 30, 2021
October 31, 2020	July 31, 2021	January 31, 2022
November 30, 2020	August 31, 2021	February 28, 2022
December 31, 2020	September 30, 2021	March 31, 2022
January 31, 2021	October 31, 2021	April 30, 2022
February 28, 2021	November 30, 2021	May 31, 2022
March 31, 2021	December 31, 2021	June 30, 2022
April 30, 2021	January 31, 2022	July 31, 2022
May 31, 2021	February 28, 2022	August 31, 2022
June 30, 2021	March 31, 2022	September 30, 2022

# Disaster Relief Flexibilities to Reduce Burden for Financial Assistance, continue

- 5) *Extension of closeout* – agencies may allow grantee to delay submission of pending financial, performance, and other reports is notice is given

# **Schedule of Expenditures of Federal Awards**

# When Does a Federal Expenditure Occur?

Federal Awards	Basis for Determining When Expended
Grants, cost reimbursement contracts, contracts with Indian tribes, cooperative agreements under the FAR, and direct appropriations	When the expenditure or expense transaction 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 Awards are 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 the 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.
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.
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

# SEFA

Loans and loan guarantees: Identify *in the notes* the loan balance outstanding at the end of the audit period

#### 4. Federal Student Loan Program

The federal student loan program listed subsequently is directly responsible by A.C.T., and balances and transactions relating to these programs are included in A.C.T.'s statement of financial position. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2019 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Balance as of June 30, 2018</u>	<u>Student Loan Payments</u>	<u>Balance as of June 30, 2019</u>
84.038	Federal Perkins Loan	\$ 36,344	\$ (2,805)	\$ 33,539

# Assistance Listing or CFDA Number

- *CFDA Number* means Catalog of Federal Domestic Assistance
- *Assistance listing number* means a unique number assigned to identify a Federal Assistance Listing, formerly known as the CFDA Number.
- *Assistance listing program title* means the title that corresponds to the Federal Assistance Listing Number, formerly known as the CFDA program title.

Access Assistance Listing of federal assistance programs at [beta.sam.gov](https://beta.sam.gov)

# COVID-19 Updates

- New Programs
- Applicable Laws:
  - Coronavirus Preparedness and Response Supplemental Appropriations Act
  - Families First Coronavirus Response Act
  - Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- CARES Act – provided additional funding to many existing programs
- Some existing federal programs have been granted flexibilities or waivers of certain compliance requirements:
  - SFA
  - Child Nutrition Cluster
  - HUD programs

# COVID-19 Updates

- 4 Largest New Programs:
  - Paycheck Protection Program – PPP
    - Is **NOT** subject to single audit – Assistance Listing 59.073
  - Provider Relief Fund
    - **IS** subject to single audit – Assistance Listing 93.498
  - Coronavirus Relief Fund
    - **IS** subject to single audit – Assistance Listing 21.019
  - Educational Stabilization Fund
    - **IS** subject to single audit – Assistance Listing 84.425

# COVID-19 Updates

- **Should** separately identify COVID-19 expenditures on the SEFA and DCF for both new and existing programs

## 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>

# COVID-19 Updates

- Listing of existing programs receiving CARES funding to report on the SEFA
- [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](http://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)
10.578	Department of Agriculture (USDA)	WIC Grants To States (WGS)
10.664	Department of Agriculture (USDA)	Cooperative Forestry Assistance
10.752	Department of Agriculture (USDA)	Rural eConnectivity Pilot Program
10.768	Department of Agriculture (USDA)	Business and Industry Loans
10.777	Department of Agriculture (USDA)	Norman E. Borlaug International Science and Technology Fellowship Program - 2020 Borlaug Fellowship Program World Food Prize Event
10.855	Department of Agriculture (USDA)	Distance Learning and Telemedicine Loans and Grants
11.307	Department of Commerce (DOC)	Economic Adjustment Assistance
11.307	Department of Commerce (DOC)	Economic Adjustment Assistance
11.454	Department of Commerce (DOC)	Unallied Management
11.611	Department of Commerce (DOC)	Manufacturing Extension Partnership
11.620	Department of Commerce (DOC)	Measurement and Engineering Research and Standards
11.620	Department of Commerce (DOC)	Measurement and Engineering Research and Standards
11.805	Department of Commerce (DOC)	MBDA Business Center Program
12.420	Department of Defense–Military Programs (DOD)	Military Medical Research and Development
12.800	Department of Defense–Military Programs (DOD)	Air Force Defense Research Sciences Program

# Single Audit Reporting Package



# What is Included in a Single Audit

- Financial statement 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 performed annually

Must be submitted to the FAC within the earlier of:

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

# Reporting Package Content

- Financial statements 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)

# Your Responsibility

- Arrange for single audit and ensure it is properly performed and submitted timely
- Prepare financial statement 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
- Maintain internal controls over federal programs

# Your Responsibility, continued

- 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

# Schedule of Findings and Questioned Costs

- Auditor reporting must include a SFQC that includes the following:
  - Summary of Auditor Results
  - Findings relating to the financial statements which are required to be reported in accordance with GAGAS.
  - Findings and questioned costs for federal awards which must include audit findings as defined in §200.516 Audit findings, paragraph (a).



§200.515

# SFQC – Part 1, Summary of Auditor's Results

- Financial Statement Opinion Information
- GAGAS Reporting
  - Internal Control over Financial Reporting
    - Material weaknesses identified?
    - Significant deficiencies identified?
  - Noncompliance material to financial statements noted?

# SFQC – Part 1, Summary of Auditor's Results

- Federal Awards
  - Internal Control over Major Programs
    - Material weaknesses identified?
    - Significant deficiencies identified?
  - Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]
  - Any audit findings disclosed that are required to be reported
  - Identification of major programs including CFDA number and name of federal program or cluster
  - Dollar threshold used to distinguish between type A and type B programs
  - Auditee qualified as low-risk auditee?

# SFQC – Part 2 (Financial Statements) and Part 3 (Federal Awards)

- Part 2
  - This section includes all findings related to the audit of the financial statements that are required to be reported by GAAS and GAGAS (see prior slides)
  - Include required GAGAS finding elements
- Part 3
  - This section includes all findings required to be reported by §200.516 of the UG (see prior slides)
  - Include required UG audit finding elements



# Summary Schedule of Prior Audit Findings

- Prepared by AUDITEE
- Must report the status of all audit findings included in the prior audit's SFQC
- Must include the reference numbers the auditor assigns to audit findings
- Must include the fiscal year in which the finding initially occurred
- Must include findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*

# Data Collection Form

- Last Updated in June 2019 with the following key items:
  - Notes to the Schedule of Expenditure of Federal Awards
    - Significant Accounting Policies
    - Whether the de minimis cost rate is used
    - Additional notes to the SEFA in the reporting package
  - Text of Audit Findings
  - Text of Corrective Action Plan
  - Schedule of Expenditures of Federal Awards
  - Revisions to a FAC Submission

# Compliance Requirements

# Compliance Requirements

- Review the grant agreement for terms and conditions noted
- Review the Uniform Guidance requirements for overall items (Section II)
- Review specific funding agency resources and guides

## Electronic Code of Federal Regulations Grants and Agreements

- Review the OMB Compliance Supplement issued each year (Section III)
  - 2020 Compliance Supplement (issued August 2, 2020)
  - Addendum to 2020 Compliance Supplement (due to new guidance for COVID programs)

# Compliance Supplement

- Issued in 2 parts this year
- First part – issued in August 18, 2020 primarily what was developed prior to COVID-19 pandemic and effective for audits of fiscal years beginning after June 30, 2019
  - Part 1 – [August 2020](#)
- Second part – issued December 12, 2020 mostly for the additional programs lists and reporting requirements after September 30, 2020
  - Part 2 – [December 2020](#)

# Compliance Supplement - Changes

- Regular updates unrelated to COVID-19
- 6-requirement mandate maintained; some agencies modified the requirements subject to audit
- Removal of Part 3-1 (pre-Uniform Guidance funding)
- A Part 5 cluster list that is not expected to change
- Appendix VII includes a new section on COVID-19 implications

# 2020 Supplement Addendum

- If organization has COVID-19 funding they received a 3 month extension
- New reporting requirement added to be tested for all COVID-19 programs and all major programs for audits after September 30, 2020
- SEFA to include a footnote with an amount of donated PPE (from federal assistance) but can be marked “unaudited”

# Compliance Requirements

- **Activities Allowed or Unallowed (A)**
- **Allowable Costs / Cost Principles (B)**
- Cash Management (C)
- **Eligibility (E)**
- Equipment and Real Property Management (F)
- Matching, Level of Effort, Earmarking (G)
- Period of Performance (H)
- **Procurement and Suspension and Debarment (I)**
- Program Income (J)
- **Reporting (L)**
- **Subrecipient Monitoring (M)**
- Special Tests and Provisions (N)



# Activities Allowed or Unallowed

## Compliance Requirements

- The specific requirements for activities allowed or unallowed are unique to each federal program and are found in the federal statutes, regulations, and the terms and conditions of the Federal award pertaining to the program.
- This type of compliance requirement specifies the activities that can or cannot be funded under a specific program, hence allowed/unallowed.
- Key Question – what could they spend it on and what rules do they follow in deciding?

# Allowable Costs/Cost Principles

The cost principles in 2 CFR part 200, subpart E, (Cost Principles) prescribe the cost account requirements associated with the administration of federal awards. 2 CFR section 200.1010 apply to all federal awards.

Allowable costs – A cost is allowable under an award if the cost meets certain criteria. The costs are necessary and reasonable for the performance of the Federal award. These are the main criteria to understand:

- 1) Cost approved by awarding agency (if required)
- 2) Cost is necessary and reasonable for performance
- 3) Cost conform to any limitations or exclusions
- 4) Cost are consistent with policies and procedures that apply uniformly to both federally financed and other activities of the NPO
- 5) Costs are accorded consistent treatment
- 6) Costs not included as a cost of any other federally financed program in the current or prior period
- 7) Costs not included as a cost or used to meet cost-sharing or matching requirements
- 8) Costs are adequately documented

# Allowable Costs/Cost Principles – Indirect Cost Rate

- Indirect costs should be evaluated with the following criteria:
  - Conform to allowability of costs provisions
  - Supported by proper documentation (Purchase orders, receiving reports, invoices, cancelled checks, time and attendance records, charged to correct account and period)
  - Calculated in accordance with GAAP
  - Not used to meet cost sharing or matching requirements
  - Given consistent accounting treatment
- Can be charged either by a federally negotiated rate or not and different audit procedures suggested

# Allowable Costs/Cost Principles – Indirect Cost Rate

- **De minimis** indirect cost rate
  - Applies to nonfederal entities using a de minimis indirect cost rate, whether as a direct recipient or subrecipient

# Allowable Costs/Cost Principles – Examples

- Compensation:
  - Requirements for existence of employees, reasonableness of compensations, assignment and allocation to federal awards
  - Time and distributions records must be maintained for all employees who salary is paid in whole or in part with federal funds or used to meet a match/cost share requirement
  - Not based on budget estimates alone – needs to be ACTUAL
  - Need to disclose all time worked for the organization and what percentage is federal

# Allowable Costs/Cost Principles – Common Errors

- Direct costs cannot be allocated to the program(s) charged
- Costs are not reasonable
- Costs charged to the program was charged as both indirect and direct costs.
- Not in accordance to GAAP (Incorrect Accruals)
- Organization is unable to provide specific data (missing I-9 or invoices)
- Organization is unfamiliar with Single Audit testing (new staff)

# Eligibility

## Compliance Requirements

The specific requirements for eligibility are unique to each federal program and are found in the statutes, regulations, and the terms and conditions of the federal award pertaining to the program.

### *Eligibility for Individuals:*

- Calculations to assist in determining who is eligible and the amount of benefits
- Understand what is paid to the individual (benefits paid)
- Maintain eligibility records
- Track period of time a person is eligible
- Perform matches with other computer databases
- Control who is authorized to approve benefits for eligible individuals
- Produce exception reports for errors and follow up as needed

# Procurement

## Compliance Requirements

Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR sections 200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR part 200.



# Procurement

The entity must use one of the following procurement procedures:

- **Micro-purchases**
  - Acquisition of supplies and services value not to exceed aggregate currently \$10,000 (subject to change)
  - Competitive quotations not necessary if price is determined to be reasonable
  - Distribution of micro-purchases among qualified suppliers
  
- **Small purchase procedures**
  - “simple and informal” procurement method
  - Simplified Acquisition Threshold (currently \$200k)
  - Price or rate quotations must be obtained by an adequate number of qualified sources
  
- **Sealed bid**
  - Publicly solicited
  - Fixed price contract – awarded to lowest bidder
  - Preferred for construction contracts

# Procurement

- Competitive proposals
  - Must follow these requirements:
    - Request for proposals must be publicized
    - Proposals solicited from adequate number of qualified sources
    - Entity has written method to conduct technical evaluations of proposals received
    - Contract awarded to the firm with the proposal most advantageous to the program (price and other factors)
- Noncompetitive proposals/Sole Source
  - Must follow these requirements:
    - Goods or service only available from single source
    - Public emergency
    - Awarding agency **expressly** authorizes noncompetitive proposals
    - Competition deemed inadequate

# Procurement Must

- Uniform Guidance – general procurement standards
- Full and open competition
- Uniform Guidance procurement methods
- Cost or price analysis
- Contracting with small and minority businesses, women's business enterprises and labor surplus area firms
- Contract provision

# Reporting

## Compliance Requirements

### *Financial Reporting*

Recipients must use the standard financial reporting forms or such other forms as may be authorized by OMB when reporting to the federal awarding agency. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the federal awarding agency. If the federal awarding agency requires reporting of accrual information and the recipient's accounting records are not normally maintained on the accrual basis, the recipient is not required to convert its accounting system to an accrual basis but may develop such accrual information through analysis of available documentation.

*Request for Advance or Reimbursement (SF-270)*

*Outlay Report and Request for Reimbursement for Construction Programs (SF-271)*

*Federal Financial Report (FFR) (SF-425/SF-425A)*

# Reporting

## Compliance Requirements

### *Performance and Special Reporting*

Non-federal entities may be required to submit performance reports at least annually but not more frequently than quarterly, except in unusual circumstances, using a form or format authorized by OMB (2 CFR section 200.328(b)(1)). They also may be required to submit special reports as required by the terms and conditions of the federal award.

# Subrecipient Monitoring

## Compliance Requirements

- Requires recipients to monitor the activities of subrecipients relative to their federal awards.
- An award recipient is responsible for:
  - Completing a risk assessment at time of award.
  - At the time of the award, identifying to the subrecipient the federal award information and applicable compliance requirements.
  - Evaluating each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward.
  - Monitoring the subrecipient's use of federal awards
  - Ensuring that subrecipients expending \$750,000 or more in federal awards are audited.
  - Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations.

# Subrecipient vs Contractor

Subrecipient Characteristics	Contractor Characteristics
Determine who is eligible	Provide goods and services in normal operations
Performance measure in relation to federal program objectives	Provides similar goods and services to many different purchases
Programmatic decision making	Operates in a competitive environment
Must adhere to program requirements	Goods and services provided are ancillary to program operations
Use funds to carry out a program for public purpose	Not subject to compliance requirements

# Requirements for Pass-Through Entities (200.331):

- Factors to consider
  - Prior experience with similar awards or sub awards
  - Results of prior audits and Federal Single audits
  - Consistency of personnel and systems
  - The need to impose specific subaward conditions
  - Extent and results of Federal awarding agency monitoring
- Assessment must be documented
- Verify subrecipient have audits in accordance with Subpart F
- Make necessary adjustments to the pass-through entity's records based on reviews and audits of subrecipients
- Consider actions to address noncompliance



# Federal Award Identification

- Subrecipient name and DUNS number
- Federal award identification number (FAIN) and award date
- Subaward period of performance – start and end date
- Amount of federal funds obligated by the action
- Total amount of federal funds obligated to the subrecipient
- Total amount of the federal award
- Federal award project description
- Name of the federal awarding agency, PTE, and contract information for awarding official
- CFDA number and name; MUST identify the dollar amount made available under each CFDA number at time of disbursement
- Whether the award is research and development (R&D)
- Indirect cost rate for the federal award, including if de minimis rate is charged

# Monitoring Activities

Monitoring the activities of the subrecipients are necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statues, regulations, and the terms and conditions of the subaward; and that the subaward performance goals are achieved.

<b>MUST Include</b>	<b>May include (based on risk assessment)</b>
Review financial and performance reports	Providing training and technical assistance
Follow-up and ensure resolution of all deficiencies identified in audits, on-site reviews or other means (NEW for award for which you provided the funding)	Performing on-site reviews
Issue management decision for audit findings	Arranging for agreed-upon-procedures

# BPM

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# Thank You!



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