



The Uniform Guidance Audit Requirements – 2 CFR Part 200 Subpart F



Tammy Pennington, CFO



Audits and Accountability

- ❑ Audits are one of several tools available for assessing grantees' performance and ensuring accountability. The information they yield is valuable because it is based on a systematic process of objectively obtaining and assessing evidence to determine if grantees' actual programs or operations meet established criteria.
- ❑ The use of audit data is an important aspect of implementing the goal of improving program efficiency through comprehensive risk management and grant monitoring





Single Audits: Common Issues

Over the years, the audit community and Federal agencies have been interested in:

- ❑ Improving the quality of Single Audits
- ❑ Eliminating the recurrence of findings among some auditees
- ❑ Encouraging effective techniques in following up on audit findings and using audit data in administering grants

The Uniform Guidance addresses these issues.



Uniform Guidance: Overview

Prior to the issuance of the Uniform Guidance, the audit requirements relating to Single Audits were set forth in OMB Circular A-50, *Audit Follow-up*, OMB Circular A-133, and the Compliance Supplement to that Circular.

The audit requirements resulting from the Uniform Guidance are found at 2 CFR 200, Subpart F, and Appendix XI.



Single Audits: Current Requirements, Basic Structure

- ❑ Single Audits are the most widespread type of audits of Federal government programs.
- ❑ Entities that expend a minimum (“threshold”) level of Federal funds are subject to audit requirements that are commonly referred to as Single Audits. The new threshold is \$750,000 annually.
- ❑ Single Audits:
 - ❑ Are authorized under the Single Audit Act, as amended in 1996, and OMB guidance
 - ❑ Use a risk-based approach to determine which Federal programs are covered
 - ❑ Combine a financial audit and a compliance audit into one report



Single Audit Requirements: Threshold Determinations

Single Audits follow a specific approach in assessing compliance, using OMB guidance in Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and its Compliance Supplement. The audit has several steps:

- ❑ *Which programs to test.* Each program is classified as major or not, depending on a sliding scale that is related to the total level of Federal expenditures, and a minimum threshold amount per program.
- ❑ *What is the risk level for each program.* The auditor determines what is the risk of noncompliance that could be material to the Federal program.
- ❑ *How much to test.* The extent of expenditures tested varies, according to the auditee's risk level.



Single Audit Requirements: Audit Findings

Auditors are required to:

- ❑ Report instances of noncompliance relating to major programs identified in the OMB Compliance Supplement.
- ❑ Report questioned costs above a threshold.
- ❑ Provide in their findings sufficient detail for the auditee to prepare a corrective action plan and implement it, and for Federal agencies and pass-through-entities to arrive at a management decision.



Single Audit Requirements: Audit Submission

The audit report is due to the Federal Audit Clearinghouse (FAC) within **nine months** after the end of the entity's fiscal period, or 30 days after the auditor provides the report to it, whichever is earlier.

The complete report package has several parts:

- ❑ The Single Audit Data Collection Form
- ❑ The Financial Statements and a supplementary Schedule of Expenditures of Financial Assistance (SEFA)
- ❑ Auditor's Report(s)
- ❑ A Summary Schedule of Prior Audit Findings
- ❑ A Corrective Action Plan



Single Audit Requirements: Audit Follow-Up

- ❑ Federal agencies are required to issue timely management decisions on findings related to their programs and to ensure that grantees correct problems, and, as necessary, reimburse unallowable charges.
- ❑ Non-federal entities passing through Federal funds to other organizations are also responsible for following up on findings in audits of their subgrantees.
- ❑ A management decision on audit findings is due within **six months** after the audit report has been received by the FAC.



Uniform Guidance: 4 Key Changes

1. **Strengthen oversight by focusing audits where there is greatest risk of waste, fraud, and abuse of taxpayer dollars.**
2. **Provide for greater transparency of audit results by making Single Audit reports available to the public online, removing impediments to their distribution, and increasing information in audit reports.**
3. **Audit follow-up will focus more on higher questioned costs, with greater attention to timely issuance of management decisions, and ensuring quality of audits resolved, and avoiding the recurrence of audit findings. 2CFR 200.513**
4. **Strengthen Federal agencies' use of the Single Audit process to support more efficient and effective grants management. 2 CFR 200.513**



Contact Information

- ❑ Tammy Pennington
540-633-5133, ext. 420
tammyp@nrcaa.org

If you have any questions, please feel free to contact me.