

APPENDIX IV HIGHER RISK DESIGNATION

INTRODUCTION

This Appendix includes a listing of programs with a “higher risk” designation and describes how that designation impacts the major program determination process.

PROGRAMS WITH “HIGHER RISK” DESIGNATION

Uniform Guidance section 200.519(c)(2) states that “Federal agencies, with the concurrence of OMB, may identify Federal programs that are higher risk. It also states that OMB will provide this identification in the Compliance Supplement.”

As a result of the COVID-19 pandemic, many new federal programs were established and funding was added to existing federal programs from the following Acts:

- Coronavirus Preparedness and Response Supplemental Appropriations Act
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan Act (ARP)

Funding arising from these sources is referred to as “COVID-19 funding,” or “COVID-19 programs”.

On November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law. It established new programs and provided additional funding for existing programs. Funding arising from the IIJA is referred to as “IIJA funding” or “IIJA program”. The 2024 higher risk list includes one program that includes IIJA funding.

The following table includes a complete list of programs that have been identified as “higher risk” for audits subject to the 2024 Compliance Supplement either because of COVID-19 funding, IIJA funding, or because a Federal agency has identified the program to be higher risk.

Agency	Assistance Listing Number (ALN)	Title
HHS**	93.778/93.777/93.775	Medicaid Cluster
Treasury*	21.023	Emergency Rental Assistance
Treasury*	21.027	Coronavirus State and Local Fiscal Recovery Funds
Interior**	15.252	Abandoned Mine Land Reclamation (AMLR)

Note:

* These programs were created by one of the laws cited at the beginning of this section and are thus considered 100% COVID-19 funding.

** These programs were existing programs that received additional IIJA or COVID-19 funding from one or more of the laws cited at the beginning of this section.

Impact of “Higher Risk” Status on Major Program Determination

Type A Program Considerations

A “higher risk” designation will often result in a Type A program or other cluster being audited as a major program. However, an auditor is not precluded from determining that a “higher risk” Type A program or other cluster qualifies as a low risk Type A program if both of the following criteria are met:

1. the program otherwise meets the criteria for a low risk Type A program in section 200.518 of the Uniform Guidance; and
2. the percentage of COVID-19 funding or IIJA funding in the program or other cluster during the non-federal entity’s fiscal year is not material to the program or other cluster as a whole. For example, a recipient’s schedule of expenditures of federal awards may include the Medicaid Cluster but the expenditures relevant to COVID-19 funding included in the program during the June 30, 2024, fiscal year end is not material. Alternatively, a recipient’s schedule of expenditures of federal awards may include Emergency Rental Assistance expenditures for the June 30, 2024, fiscal year end, which would be considered material because COVID-19 funding comprises the entire program.

Note that the inclusion of COVID-19 funding or IIJA funding within the Research & Development (R&D) cluster does not create a “higher risk” designation for the R&D cluster.

Auditors should prepare audit documentation supporting the risk considerations and conclusions for “higher risk” programs.

Type B Program Considerations

Under section 200.518 of the Uniform Guidance, in certain circumstances the auditor must identify Type B programs that are high risk using professional judgment and the criteria in section 200.519 of the Uniform Guidance, which includes consideration of whether a program has been identified as “higher risk” by a Federal agency with the concurrence of OMB. Thus, there are no changes to the normal risk assessment process for Type B programs identified as “higher risk.” That is, the “higher risk” identification must be considered with the other factors in section 200.519.

Further, the auditor is not required to prioritize the assessment of risk for “higher risk” Type B programs over other Type B programs.