

APPENDIX VII OTHER AUDIT ADVISORIES

I. Novel Coronavirus (COVID-19)

This section provides guidance to the following areas affecting single audits arising due to COVID-19:

- Definition of COVID-19 funding
- Treatment of donated personal protective equipment (PPE) on the Schedule of Expenditures of Federal Awards (SEFA)
- Agency Guidance Document References
- Identification of COVID-19 related awards and single audit applicability
- Identification of COVID-19 related awards on the SEFA and SF-SAC
- Identification of COVID-19 related awards in audit findings
- Identification of compliance requirements for COVID-19 related awards
- Responsibilities for informing subrecipients
- Alternative Compliance Examination Engagement for Eligible SLFRF Recipients

Definition of COVID-19 Funding

As a result of the COVID-19 pandemic, many new federal programs have been established and funding has been 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, both to new and existing programs, is referred to as “COVID-19 funding,” “COVID-19 programs,” or “COVID-19 related awards” throughout this section. Refer also to Appendix IV, Higher Risk Designation, for a listing of programs with a

“higher risk” designation, many of which involve COVID-19 funding, and for information about how that designation impacts the major program determination process.

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 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.”

As a reminder, the above only relates to donated PPE provided without any compliance or reporting requirements or assistance listing from donors. There could be some PPE that must appear on the SEFA as a federal program (e.g., when the recipient uses funds provided under an Assistance Listing to purchase PPE).

Agency Guidance Document References for COVID-19 Programs

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 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 Part 4 sections for COVID-19 programs 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) states that 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.

Identification of COVID-19 Related Awards and Single Audit Applicability

Federal agencies may have incorporated COVID-19 funding into an existing program and Assistance Listing number or set up a separate COVID-19 program with a unique Assistance Listing number. Federal agencies are required to specifically identify COVID-19 related awards, regardless of whether the funding is provided under a new or existing Assistance Listing number. However, in the early days of the crisis caused by the COVID-19 pandemic with the need to respond quickly, in some cases cash was sent to non-federal entities without application or Assistance Listing number. The non-federal entity was required to either agree to the terms and conditions or return the funds.

When COVID-19 funding is subawarded by a pass-through entity from an existing program, the information furnished to subrecipients should distinguish the subawards of incremental COVID-19 funding included in the subawards from non-COVID-19 funding.

In order to assist recipients and auditors in the identification of all the COVID-19 funds and their related program Assistance Listing numbers, OMB has issued several summaries of federal programs that were created by COVID-19 funding and also existing programs that received COVID-19 funding. A summary of programs that received funding under the CARES Act (and other earlier COVID-19 legislation) as of May 20, 2020, can be accessed at: [M-20-21 FAQ 07312020 UPDATED.pdf \(cfo.gov\)](#). A summary of programs that received funding under the ARP Act as of October 29, 2021, can be found at: [Revised-American-Rescue-Plan-Assistance-Listings 10-29-2021.pdf \(cfo.gov\)](#). Each summary includes program Assistance Listing numbers and an asterisk (*) next to Assistance Listing numbers denoting a new Assistance Listing number.

Identification of COVID-19 Related Awards on the SEFA and SF-SAC

As described in 2 CFR section 200.510(b), auditees must complete the SEFA and include Assistance Listing numbers when reporting their federal awards and subawards. To maximize the transparency and accountability of COVID-19 related award expenditures, OMB M-20-26 (June 18, 2020) instructed recipients and subrecipients to separately identify the COVID-19 Emergency Acts expenditures on the Schedules of Expenditures of Federal Awards. Therefore, non-federal entities should separately identify COVID-19 expenditures on the SEFA and SF-SAC. For existing programs that have both COVID-19 expenditures and non-COVID-19 expenditures, this may be accomplished by identifying COVID-19 expenditures on the:

- SEFA – On a separate line by Assistance Listing number with “COVID-19” as a prefix to the program name. For example:
 - COVID-19 – Temporary Assistance for Needy Families – 93.558
\$1,000,000
 - Temporary Assistance for Needy Families – 93.558 – \$3,000,000
 - Total – Temporary Assistance for Needy Families – 93.558 – \$4,000,000
- SF-SAC – On a separate row by Assistance Listing number with “COVID-19” listed in the Additional Award Identification and Federal Program Name column. Example:

A	B	C	D	E	F
Federal Agency Prefix	ALN (CFDA) Three Digit Extension	Additional Award Identification	Federal Program Name	Amount Expended	Federal Program Total
93	558		TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$3,000,000	\$4,000,000
93	558	COVID-19	COVID-19 TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$1,000,000	\$4,000,000
					\$0
					\$0
					\$0
					\$0

Identification of COVID-19 Related Awards in Audit Findings

Consistent with identifying COVID-19 expenditures on the SEFA, auditors should include the COVID-19 identification for audit findings that are applicable to programs that are entirely COVID-19 funded and existing programs with COVID-19 funding.

Identification of Compliance Requirements for COVID-19 Related Awards

As noted in OMB Memorandum M-20-26 (June 18, 2020), federal awarding agencies are responsible for identifying COVID-19 related awards and communicating the applicable compliance requirements to the recipient. Similarly, pass-through entities are responsible for identifying COVID-19 related awards and communicating the applicable requirements to their subrecipients. Normally, this information would be in the award terms and conditions. However, for COVID-19 related awards, the compliance requirements may have been communicated through an agency website and the compliance requirements may have been modified or compliance requirements not included in original terms and conditions may have been added.

For COVID-19 related programs that are not included in this Supplement, the auditor must use the framework provided by Part 7 of this Supplement. Part 7 includes procedures to determine which of the compliance requirements to test.

Responsibilities for Informing Subrecipients

As noted in OMB Memorandum M-20-26 (June 18, 2020), pass-through entities agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the federal award number, Assistance Listing number, and amount of COVID-19 funds. When COVID-19 funds are subawarded for an existing program, the information furnished to subrecipients should distinguish the subawards of incremental COVID-19 funds from regular subawards under the existing program.

This information is needed to allow the pass-through entity to properly monitor subrecipient expenditures of COVID-19 funds, as well as for oversight by the federal awarding agencies, Federal Offices of Inspector General, and the Government Accountability Office.

Alternative Compliance Examination Engagement for Eligible SLFRF Recipients

The US Department of the Treasury (“Treasury”) recognizes that many recipients of Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) may now be required to complete a Single Audit or a Program-Specific Audit pursuant to the Single Audit Act and its implementing regulations, 2 CFR Part 200, Subpart F, due to their receipt of an SLFRF award, which may lead to them expending \$750,000 or more during their fiscal year in Federal awards. This may be because the recipient has not received federal financial assistance before, or the other federal financial assistance they expended did not exceed the \$750,000 audit threshold set forth 2 CFR 200.501(a). As a result, Treasury has developed an alternative approach that is available for SLFRF recipients that would otherwise not be required to undergo an audit pursuant to 2 CFR Part 200, Subpart F, if it were not for the expenditures of SLFRF funds directly awarded by Treasury.

The alternative compliance examination engagement is in accordance with the Government Accountability Office’s Government Auditing Standards. It is also in lieu of a full single audit or program-specific audit as required per 2 CFR 200, Subpart F. The alternative approach along with the criteria for eligible recipients are detailed in the Part 4 – Section IV, “Other Information” of assistance listing 21.027 – Coronavirus State and Local Recovery Funds.

This alternative is intended to reduce the burden of a full Single Audit or Program-Specific Audit on eligible recipients and practitioners, as well as uphold Treasury’s responsibility to be good stewards of federal funds.

II. Effect of Changes to Compliance Requirements and Other Clusters

Removal of Compliance Requirement from Part 2 Matrix

In any instance in which a compliance requirement has been removed from a program/cluster, as shown in the Part 2 matrix, if there was an audit finding related to that compliance requirement in an audit conducted using the prior year’s Supplement that finding must continue to be reported in the summary schedule of prior audit findings and considered in the major program determination under 2 CFR section 200.518. The procedures to assess the reasonableness of the summary schedule of prior year audit findings must include all prior audit findings included in the summary schedule, regardless of whether the current Part 2 matrix identified a requirement subject to audit. For example, if there was an audit finding relating to subrecipient monitoring in the prior year but the current year Part 2 matrix identified “M. Subrecipient Monitoring” as not subject to audit with a “No,” the auditor’s procedures to determine the reasonableness of the summary schedule of prior audit findings must include subrecipient monitoring. In any instance in which a compliance requirement was added to a program/cluster in the current year’s Supplement, auditors are not expected to have tested for that requirement under the prior year’s audit. This includes correction of an error, if any, as identified in Appendix V of the Supplement.

Addition of a New Program to an Other Cluster

One of the criteria for an “other cluster” to be considered a low-risk Type A program is that it must have been audited as a major program in at least one of the two most recent audit periods

(“2-year look back” under 2 CFR section 200.518(c)(1)). In the year that this Supplement adds a new program to another cluster listed in Part 5, the determination of whether the resulting other cluster meets the 2-year look back criterion requires additional consideration. During that year, the other cluster cannot qualify as having been audited as a major program in one of the two most recent audit periods unless the auditee’s current-year expenditures for the newly added program were less than or equal to 25 percent (0.25) of the Type A threshold, or all of the programs included in the resulting other cluster met the “2-year look back” criterion. The additional criteria in 2 CFR section 200.518(c) must also be evaluated by the auditor to determine if the other cluster can be considered a low-risk Type A program in the current year.

In years after this Supplement adds a program to another cluster, such addition in a prior year does not require additional consideration for the 2-year look back criterion.

The following examples are intended to illustrate consideration of the addition of a new program to another cluster. They are illustrative only and not based on the contents of the current Supplement.

Background for Examples:

Type A threshold \$750,000.

Human Services existing other cluster (93.123, 93.125, and 93.127) was audited in 2022 with no audit findings.

Part 5 of the 2024 Compliance Supplement added Assistance Listing 93.129 to form the new other cluster with the following federal awards expended in 2024:

93.123: \$ 500,000

93.125: \$ 300,000

93.127: \$ 400,000

93.129: \$ 300,000

Considerations for 2024 major program determination using these facts:

Example 1

The Human Services cluster was audited in 2022. However, the auditee’s current year expenditures for newly added Assistance Listing 93.129 exceed 0.25 of the Type A threshold of \$750,000 or \$187,500; therefore, the resulting other cluster fails the 2-year look back criterion and cannot be considered a low-risk Type A program in 2024.

If, however, the auditee’s expenditures for newly added Assistance Listing 93.129 were equal to or less than \$187,500, the other cluster would pass the 2-year look back criterion and could be considered to have been audited as a major program in one of the two prior years.

Example 2

The Human Services cluster was audited in 2022. The newly added program Assistance Listing 93.129 was audited in 2023. If both the cluster and the newly added program met all criteria in 2 CFR section 200.518(c) to be considered low-risk programs for 2024, the other cluster would be a low-risk Type A program in 2024.

III. Due Date for Submission of Audit Reports and Low-Risk Auditee Criteria

As provided in 2 CFR Part 200, Subpart F (2 CFR section 200.520), in order to meet the criteria for a low-risk auditee in the current year, the two prior years' audits must have met the specified criteria, including report submission to the Federal Audit Clearinghouse (FAC) by the due date.

The auditor may consider using the following steps to identify FAC submissions that do not meet the due date.

Suggested Steps

1. Inquire of entity management and review available prior-year financial reports and audits to ascertain if the entity had federal awards expended of \$750,000, in the prior two audit periods and, therefore, was required to have an audit under the uniform guidance and file with the FAC.
2. If the entity was below the \$750,000 threshold in either of the prior two audit periods, and an audit was not required under the uniform guidance obtain written representation from management to this fact and no further audit procedures are necessary as the entity does not qualify as a low-risk auditee.
3. If a prior-year audit was conducted, obtain a copy of the data collection form (Form SF-SAC) and the reporting package.
 - a. Calculate the "Due Date" to file with the FAC as the earlier of (i) nine (9) months after the end of the audit period or (ii) 30 calendar days after the entity received the auditor's report (under 2 CFR §200.512(a)(1)).
 - b. Access the FAC web page at [The Federal Audit Clearinghouse \(fac.gov\)https://www.fac.gov/](https://www.fac.gov/).
 - Select the "Search for audits" option and on the "Search Single Audits reports" page, locate the FAC record for the entity. Verify correct record by comparing both the entity name and Unique Entity Identification (UEI) from the entity's copy of the SF-SAC to the FAC web page.
 - For the entity, compare the initial "FAC Accepted Date" to the earlier of (i) the Nine Month Due Date or (ii) 30 days after the entity received the auditor's report(s) to determine if the Due Date was met.

If the entity was not in compliance with the Due Date or Extended Due Date (if applicable) or did not submit the required audit to the FAC for either of the prior two audit periods, then the entity does not qualify as a low-risk auditee.

4. Contact the FAC Help Desk at [The Federal Audit Clearinghouse \(FAC.gov\)](https://www.fac.gov) if additional information is needed on using the FAC website or determining the date the FAC accepted the report submission as complete.

IV. Treatment of National Science Foundation and National Institutes of Health Awards

National Science Foundation

All awards issued by the National Science Foundation (NSF) meet the definition of “Research and Development” at 2 CFR section 200.1. As such, auditees must identify NSF awards as part of the R&D cluster on the Schedule of Expenditures of Federal Awards (SEFA) and the auditor must use the Research and Development cluster in Part 5 when testing any of those awards. NSF recognizes that some awards may have another classification for purposes of reimbursement of indirect costs. The auditor is not required to report this difference in treatment (i.e., the award is classified as R&D for 2 CFR Part 200, Subpart F purposes, but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s). This guidance complies with the NSF Proposal and Award Policies and Procedures Guide (PAPPG), the current and prior versions of which may be found at <http://www.nsf.gov/bfa/dias/policy/>.

National Institutes of Health

Effective for grants and cooperative agreements with budget periods beginning on or after December 26, 2014, and awards that receive supplemental funding on or after December 26, 2014, all awards issued by the National Institutes of Health (NIH) meet the definition of “Research and Development” at 45 CFR section 75.2. As such, auditees must identify NIH awards as part of the R&D cluster on the SEFA, and the auditor must use the Research and Development cluster in Part 5 when testing any of those awards. NIH recognizes that some awards may have another classification for purposes of reimbursement of indirect costs. The auditor is not required to report this disconnect (i.e., the award is classified as R&D for 2 CFR Part 200, Subpart F, purposes, but non-research for indirect cost rate purposes), unless the auditee is charging indirect costs at a rate other than the rate(s) specified in the award document(s). (See the NIH Grants Policy Statement, the current and prior versions of which may be found at <http://grants.nih.gov/grants/policy/policy.htm>.)

V. Exceptions to the Guidance in 2 CFR Part 200

OMB does not maintain a complete listing of approved agency exceptions to the uniform guidance in 2 CFR Part 200.

For programs included in the Supplement, the auditor should review the program supplement and, as necessary, agency regulations adopting/implementing the OMB uniform guidance in 2 CFR Part 200 to determine if there is any exception related to the compliance requirements that

apply to the program. For programs not included in the Supplement that are audited using Part 7, the auditor should review agency regulations adopting/implementing 2 CFR Part 200 to determine if an exception applies to the program.

Questions about the agency-level rulemakings that adopt/implement 2 CFR Part 200 should be directed to the federal agency key management liaisons specified in Appendix III to the Supplement.

VI. Audit Sampling

Certain suggested audit procedures in this *Compliance Supplement* lend themselves to testing using sampling. Auditors are reminded that when performing an audit under generally accepted auditing standards (GAAS), including single audits, that AU-C section 530, *Audit Sampling*, <https://www.aicpa-cima.com/resources/download/aicpa-statements-on-auditing-standards-currently-effective>, provides auditor requirements and guidance related to an auditor's use of sampling. Failure to follow the standards, including the requirement to determine sample sizes that are sufficient to reduce sampling risk to an acceptably low level, may result in the audit being considered nonconforming by the federal cognizant agency for audit as part of a quality control review.

The guidance in AU-C section 530 primarily addresses sampling considerations when performing a financial statement audit. The AICPA Audit Guide, *Government Auditing Standards and Single Audits*, contains auditor guidance for, among other things, designing an audit approach that includes audit sampling to achieve both compliance and internal control over compliance related audit objectives in a single audit or program-specific audit performed in accordance with the Uniform Guidance. It also includes suggested minimum sample sizes for tests of controls over compliance and tests of compliance based on certain engagement-specific inputs.

Another AICPA Audit Guide, *Audit Sampling* also provides additional guidance and technical background, which forms the basis of the practical application of audit sampling to Uniform Guidance audits.

VII. Federal Audit Clearinghouse Transition from Census to GSA and Single Audit Extensions

Federal Audit Clearinghouse Transition from Census to GSA

The provider of the Federal Audit Clearinghouse (FAC) changed from U.S. Census Bureau (Census) to the U.S. General Services Administration (GSA) on October 1, 2023. At that time, all submissions were to be made through the new FAC hosted by GSA, including all single audits for entities with 2023 FYE dates.

For any 2023 submissions with fiscal periods ending between January 1, 2023 and September 30, 2023, the 2 CFR 200.512(a)(1) requirement for Single Audit report to be submitted to the Federal Audit Clearinghouse 30 days after receipt of the auditor's report(s), is waived. These

audits will be considered on time if they are submitted within nine months after their fiscal period end date.

Single Audit Extensions

In 2022, there were two extensions for audit submission.

Single audits with a fiscal period ending in 2022 were scheduled to be submitted to the GSA FAC beginning on October 1, 2022. However, the transition to GSA was delayed for one year and rescheduled to October 1, 2023. Due to the delay in transition, the SF-SAC Data Collection Form used for the fiscal year 2022 audit submission was not available until October 6, 2022. Therefore, single audits with a fiscal period ending in 2022 could not be submitted before that date. The 2 CFR 200.512(1) states that single audits must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. For any 2022 submissions with fiscal periods ending between January 1, 2022 and October 31, 2022, the requirement in 2 CFR 200.512(1) stating that single audits are due to the Federal Audit Clearinghouse 30 days after receipt of the auditor's report(s), is waived. These audits will be considered on time if they are submitted within nine months after their fiscal period end date.

For example, a March 31, 2022, fiscal year-end single audit that was issued on June 30, 2022, would technically be due to the FAC on July 30, 2022 (i.e., 30 calendar days after the auditee's receipt of the auditor's reports). Because the SF-SAC Data Collection Form was not available until October 6, 2022, if the single audit was submitted to the FAC by October 31, 2022, it would be considered timely and have no impact on the low-risk auditee status of the auditee.

Hurricanes Fiona and Ian, and the Alaska flood and landslide

In September and October 2022, the President made the major disaster and emergency declarations under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 et seq. (the "Stafford Act") for the following: Hurricane Fiona (FEMA-4671-PR), the Alaska storm, flooding, and landslides (FEMA-4672-AK) and Hurricane Ian (FEMA-DR-4673-FL, FEMA-EM-3585-SC, FEMA-EM-3586-NC).

Consistent with these declarations and to assist the affected recipients during these emergencies, OMB granted a six (6) month extension for all single audits that cover recipients in the affected areas and had due dates between September 18, 2022 and December 31, 2022. The recipients in the less affected areas were encouraged to submit their reports as soon as possible. The extension is item 11 of the flexibilities listed in OMB Letter dated December 23, 2022 and published on the CFO Council link at <https://www.cfo.gov/> ([Microsoft Word - 2022 Hurricanes Fiona Ian Alaska Flood Admin Relief \(cfo.gov\)](#)).

VIII. 2024 Revisions to OMB's Guidance for Federal Financial Assistance.

For this 2024 Supplement, auditors must also recognize that OMB recently updated its Guidance for Federal Financial Assistance contained in 2 CFR, including 2 CFR part 200. See 89 FR 30046 (Apr. 22, 2024). Although the government-wide effective date for the 2024 revisions is

not until October 1, 2024, federal agencies may elect to implement the revisions as early as June 21, 2024 to new awards and through amendments to existing awards. Because federal agencies are not required to implement the revisions prior to October 1, 2024, there is likely to be some variation on when federal agencies begin to make the 2024 revisions apply to federal awards. For example, a non-federal entity with a fiscal year beginning on January 1, 2024 may receive an award on June 21, 2024 made subject to the 2024 revisions by the federal agency. Consequently, the auditor should perform reasonable procedures to ensure that compliance requirements identified as subject to the audit are current and determine whether there are any additional or modified provisions of federal awards based on the 2024 revisions. Auditors must not, however, apply compliance requirements from the 2024 revisions in circumstances in which the federal agency has not yet applied the 2024 revisions to the federal award subject to audit. (Note: Among other things, the 2024 revisions increased the audit threshold to \$1,000,000 for auditee fiscal years beginning on or after October 1, 2024.)