Single Audit Readiness and Survival 26.0

Presented by Bob Lloyd

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Why Worry?

- Single audit results are “baked in” to awarding agency risk assessments

--- Federal agencies: 2 CFR 200.206

--- Pass-through entities: 2 CFR 200.332

- Possible awarding agency responses

--- Imposition of “special conditions”

--- “No funding” decisions

Single Audit Fundamentals

- Applies to “non-federal entities”
- Procurement of audit services (2 CFR 200.509)

--- Reference to 2 CFR 200.317-327

--- Explicit selection criteria

- Applicability of industry and government audit standards
- Relationship to other audit requirements
- Scope of the audit

--- Accuracy of Financial Statements and SEFA

--- Well-designed and operational Internal controls

--- Compliance with requirements that could have a direct and material effect on federal claims

Policy Evolution and Why It's Important

- "Ancient History"

--- OMB Circular A-102 Financial Management Standards (1971)

--- OMB Circular, Attachment P (1979)

--- Single Audit Act of 1984

----- OMB Role: Develop Policies, Procedures, and Guidelines

----- Covered Governmental Units

------- Receiving > $25K in Federal Awards

--- OMB Circular A-128 (1985)

----- The Compliance Supplement

--- OMB Circular A-133 (1990)

--- Single Audit Act Amendments (1997)

-----Expending > $300 K in Federal Awards

--- Revised OMB Circular A-133 (1998)

--- Increasing the Expenditure Threshold (> $500K (2004); > $750K (2014); > $1M (2024)

The Role of the Compliance Supplement

- Replacing Federal Agency Audit Guides
- An Annual Updating Exercise

--- Publication of Audit Advisories

----- Examples (COVID-19 Funding; ARP CSLFRF; “High Risk” Programs)

- Demanded by the Governmental Audit “Community”

--- Identifying Award Requirements that Must Be Tested

----- A “Safe Harbor” for Auditors

--- Suggesting Audit Procedures for Use in Testing

“Subject to Change”

- OMB’s Proposed “Federal Assistance Regulation”
- Published in the Federal Register: May 29, 2026
- 45 Day Comment Period

--- Requests for Additional Time Ignored

- Opposition Comments from All Sectors

--- Pre-award Decision-making

--- Award Terminations

- Deferred Consideration of Indirect Cost and Audit Changes

--- OMB Collaboration with DHHS OIG

- “Not So Fast”

--- Congressional Action to Freeze Implementation

Audit Field Work

- Auditee Prepares (FYE) Schedule of Expenditures for Federal Awards (SEFA)
- Auditor “Opens the Door” by Examining the SEFA and the Matrix of Compliance Requirements

--- Checking the CFDA (ALN) Numbers for Expended Programs

--- Determining Which Programs are Major

--- Assuring Extent of Program Coverage

--- Reviewing the Award Requirements

----- The Matrix of Compliance Requirements (Part 2 of the Compliance Supplement)

------- Chosen Annually by the Federal Awarding Agencies for Audit Coverage

----- Twelve (or More) General Requirements

----- Most Derived from 2 CFR 200

------- Descriptions of Requirements and Suggested Testing (Part 3 of the Compliance Supplement

The Compliance Supplement

- It’s Not Just for the Auditors
- A “Cliff’s Notes” for Federal Grants Administration

--- What You’ll Be Tested On and How

- Some “Live Case” Examples

--- Economic Development Cluster

--- Aging Cluster (Older Americans Act)

--- WIOA Cluster (Workforce Innovation and Opportunity Act

Live Case: Economic Development Cluster

- ALN: 11.300/11.307
- Requirements to be Tested

--- Activities Allowed or Not Allowed

--- Allowable Costs/Cost Principles

--- Cost Sharing/Level of Effort/Earmarking

--- Program Income

--- Reporting

--- Subrecipient Monitoring

--- Special Tests and Provisions

Live Case: Aging Cluster

- 93.044/93.045/93.053
- Requirements to be Tested

--- Activities Allowed or Not Allowed

--- Allowable Costs/Cost Principles

--- Cost Sharing/Level of Effort/Earmarking

--- Program Income

--- Reporting

--- Subrecipient Monitoring

Live Case: WIOA Cluster

- 17.258/17.259/17.278/17.290
- Requirements to be Tested

--- Activities Allowed or Unallowed

--- Allowable Costs/Cost Principles

--- Eligibility

--- Cost Sharing/ Level of Effort/Earmarking

--- Period of Performance

--- Reporting

--- Subrecipient Monitoring

“Lower Hanging Fruit”

- UEI Numbers for Subrecipients
- FFATA Reporting of Subawards
- Single Audit Verification for Subrecipients
- Suspension and Debarment Status Verification
- Noncompetitive Procurements
- Property Records and Inventory
- Evidence for Prior Approvals
- Time and Effort Documentation
- FIFO for Program Income
- Valuation of Third-Party In-kind Contributions

Anatomy of Audit Findings

- Required Features (2 CFR 200.516(b))

--- Federal program and specific award(s) description

--- Applicable criteria

----- Law, regulation, award term or condition

--- Condition found

--- Cause

--- Asserted effect

--- Questioned cost

--- Proper perspective

--- Repeat finding?

--- Recommendation

--- Views of management

Resolution of Audit Findings

- Summary Schedule of Prior Audit Findings

--- A “Steel Trap for Findings from Past Years

----- All of Last Year’s Findings

----- Open Findings from Prior Years

- Corrective Action Plan

--- A Separate Document

----- Addressing All Current Year Audit Findings (2 CFR 200.511(c))

----- Responsible Contact Person

----- Planned Corrective Action

------- Rationale for Disagreement

----- Anticipated Completion Date

- The “Audit Ready” Auditee

Questions

- Now
- Later

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