



Governmental Audit
Quality Center

Single Audit Update

Virginia Society of CPA
54th Annual Virginia Accounting and Auditing Conference
Tuesday, September 24, 2024, from 9:10 am – 10:50 am



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Today's Speakers



Tom Sneeringer, CPA
Partner
RSM

George Strudgeon, CPA
Audit Director
Auditor of Public Accounts,
Commonwealth of Virginia



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Introductions and What We Will Cover

Key information in the 2024 OMB *Compliance Supplement*

Specific program updates for commonly audited programs

Single audit implications of the new Uniform Guidance

Other single audit updates and reminders

GAQC/AICPA Resources (for participants to review later)

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Terminology and Abbreviations

AICPA	Association of International Certified Professional Accountants	FEMA	Federal Emergency Management Agency
ACEE	Alternative Compliance Examination Engagement	GAQC	Governmental Audit Quality Center
ALN	Assistance Listing Number	GAS-SA Guide	AICPA Audit Guide, Government Auditing Standards and Single Audits
BABA	Build America Buy America Act	HHS	Department of Health and Human Services
CFR	Code of Federal Regulations	IIJA	Infrastructure Investment and Jobs Act
CARES Act	Coronavirus Aid, Relief, and Economic Security Act	OMB	Office of Management and Budget
COVID-19	Coronavirus Disease	QCR	Quality Control Reviews
CPE	Continuing Professional Education	QC	Questioned Cost
CSLFRF	Coronavirus State and Local Fiscal Recovery Funds	PTE	Pass Through Entity
DCF	Data Collection Form	R&D	Research and Development
DOT	Department of Transportation	SEFA	Schedule of Expenditures of Federal Awards
ESF	Education Stabilization Fund	SFA	Student Financial Assistance
FR	Federal Register	SFQC	Schedule of Findings Questioned Cost
FAC	Federal Audit Clearinghouse	TQA	AICPA Technical Questions and Answers
FAQ	Frequently Asked Questions	USDA	United States of Department of Agriculture
FNS	Food Nutrition Services	UG	Uniform Guidance

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Supplement Sections and Titles

Table of Contents (TOC)	Appendix II, <i>Federal Agency Codification of Government-wide Requirements and Guidance for Grants and Cooperative Agreements</i>
Part 1, <i>Background, Purpose and Applicability</i>	
Part 2, <i>Matrix of Compliance Requirements</i>	Appendix III, <i>Federal Agency Single Audit, Key Management Liaison, and Program Contacts</i>
Part 3, <i>Compliance Requirements</i>	Appendix IV, <i>Higher Risk Designation</i>
Part 4, <i>Agency Program Requirements</i>	Appendix V, <i>List of Changes for the 2024 Compliance Supplement</i>
Part 5, <i>Cluster of Programs</i>	Appendix VI, <i>Program-Specific Audit Guides</i>
Part 6, <i>Internal Control</i>	Appendix VII, <i>Other Audit Advisories</i>
Part 7, <i>Guidance for Auditing Programs Not Included in This Compliance Supplement</i>	Appendix VIII, <i>Examinations of EBT Service Organizations</i>
Appendix I, <i>Federal Programs Excluded from the A-102 Common Rule and Portions of 2 CFR Part 200</i>	Appendix IX, <i>Compliance Supplement Core Team</i>

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The Current Single Audit Environment

Historic federal funding continues resulting in increased risk

- New IIJA programs and funding added to existing programs
- COVID-19 funding still in play but winding down
- Some programs are still considered “higher risk” in 2024 audits which impacts major program determination
- Federal focus on oversight, accountability, and transparency

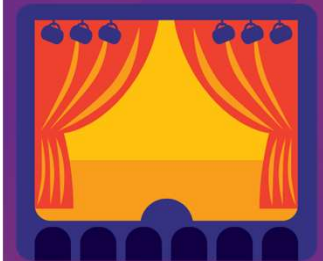
New Uniform Guidance regulation

FAC transition to GSA resulting in new submission approach and need for staff education

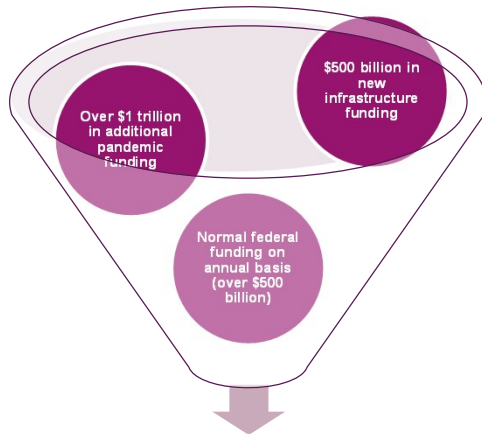
Staffing resource challenges

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Single Audit - Significant Stress in System Continues



End Result: Continued Need for Single Audits and Other Similar Compliance Audits

Year	# Single Audits*
2019	37,290
2020	39,796
2021	44,027
2022	45,286

*Above numbers do not include for-profit audits of federal funding (e.g., healthcare entities and shuttered venues) which likely would add another 10,000+ audits for 2021 and likely 2022

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Key Changes in the 2024 Supplement



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Background and Effective Date

Issued May 29, 2024

Effective for audits of fiscal years beginning after June 30, 2023

Access the Supplement on OMB's Web site at:
<https://www.whitehouse.gov/omb/office-federal-financial-management/current-compliance-supplement/>

- A single PDF file is available
- Individual sections (in PDF) are also available

The GAQC has updated its OMB Compliance Supplement Resource Center for the 2024 Supplement

- Access at: <https://www.aicpa-cima.com/resources/article/omb-compliance-supplement-resource-center>

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To understand the changes made, Appendix V is a place to start

A best practice is to run comparisons between the 2023 and 2024 Supplement to fully understand changes

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Part 2 Matrix

There are more changes than usual to the requirements subject to audit and in the additions and deletions noted

Identifies changes to requirements subject to audit

- Requirements that were changed from a "Y" to a "N" or from a "N" to a "Y" since the last Supplement are shown in bold and yellow highlight
- New programs are identified as "(new)" and deleted programs are identified as "(delete)"

Many of the deleted programs were removed because they are not audited frequently

- Auditors that still need to audit those programs will have to use Part 7 of the Supplement

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REMINDER: 6-requirement mandate continues with 2 exceptions: R&D Cluster and the HHS Child Care Disaster Fund Cluster

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Part 3 – Compliance Requirements

Only a few changes noted in Part 3 this year

- Improper Payments Clarification
 - For purposes of producing an estimate, when the agency cannot determine, due to lacking or insufficient documentation, whether a payment is proper or not, the payment shall be treated as an improper payment
- Clarification in Equipment and Real Property Management that the audit procedures in the section “Disposition of Real Property Acquired Under Federal Awards” are relevant to all non-federal entities, including states

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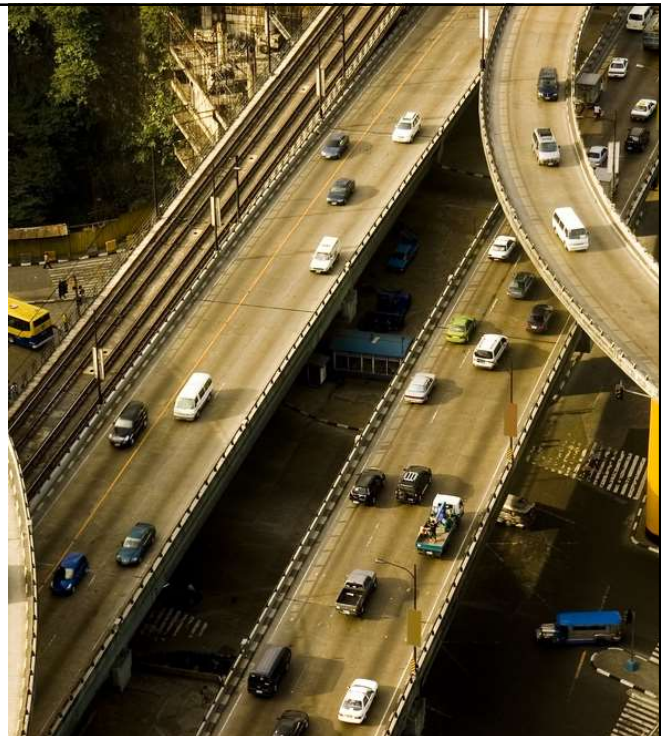
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Part 3 – Compliance Requirements

Procurement Changes – Build America Buy America Act

- Made clarifying edits to the compliance requirement section
- Audit procedure from prior year retained (i.e., to test whether the non-federal entity included the BABA domestic preference provisions in each agreement or obtained a BABA waiver)
- New audit procedure added:
 - *For each agreement selected where a waiver was not applicable, review the non-federal entity's documentation supporting that it monitored the contractor's compliance with the BABA domestic preference provisions in the agreement.*

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Part 4 – New Programs

Remember: "Other Information" section may provide guidance on how those funds are to be treated on the Schedule of Expenditures of Federal Awards

New

- **10.181** – Pandemic Relief Activities: Farm and Food Worker Relief Grant
- **10.182** – Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes and Local Governments
- **10.185** – Local Food for Schools Cooperative Agreement
- **10.186** – Regional Food Business Centers
- **10.190** – Resilient Food System Infrastructure
- **10.331** – Gus Schumacher Nutrition Incentive Program
- **11.028** – Connecting Minority Communities Pilot Program
- **11.029** – Tribal Broadband Connectivity
- **11.032** – State Digital Equity Planning and Capacity Grant
- **11.033** – Middle Mile (Broadband) Grant
- **11.035** – Broadband, Equity, Access and Deployment
- **20.326** – Federal-State Partnership for Intercity Passenger Rail
- **66.957** – National Clean Investment Fund
- **66.959** – Section 134(a)(1) – Zero Emission Technologies Grant
- **66.960** – Clean Communities Investment Accelerator
- **93.210/93.441** – Tribal Self Governance and Determination Cluster

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Part 4 – Deleted Programs

DO NOT use 2023 Compliance Supplement for these programs.

Deleted (excluding cluster changes which are noted on next slide)

- **10.500** – Cooperative Extension Service
- **10.511** – Smith-Lever 3(b) and 3(c), Smith-Lever Special Needs, and University of District of Columbia Public Postsecondary Education Reorganization Act Program
- **10.512** – Agriculture Extension at 1890 Land-Grant Institutions Program
- **10.514** – Expanded Food and Nutrition Education Program
- **10.515** – Renewable Resources Extension Act (RREA) and National Focus Funds
- **10.516** – Rural Health and Safety
- **10.517** – Tribal College Extension Program and Special Emphasis, and Federally Recognized Tribes Extension Program
- **10.520** – Agriculture Risk Management Education Partnership Grants
- **10.521** – Children, Youth, and Families At-Risk
- **10.607** – Section 416(b)
- **14.235** – Supporting Housing Program
- **14.238** – Shelter Plus Care
- **93.545** – Consumer Operated and Oriented Plan (CO-OP) Program

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Part 5 – Other Clusters

A new cluster was added, Tribal Self-Governance and Determination Cluster (93.210/93.441)

Hurricane Sandy Relief Cluster (93.095/93.096) was deleted in its entirety

Several clusters had programs that were removed from the cluster and therefore no longer listed as clusters as follows:

- Community Facilities Loans and Grants (10.766/~~10.780~~)*
- Clean Water State Revolving Fund (66.458/~~66.482~~)*
- Drinking Water State Revolving Fund (66.468/~~66.483~~)*

Other clusters with program deletions:

- Section 8 Project-Based Cluster (~~14.182~~ /14.195 /14.249/ 14.856)
- Highway Safety Cluster (20.600/~~20.611~~/20.616)

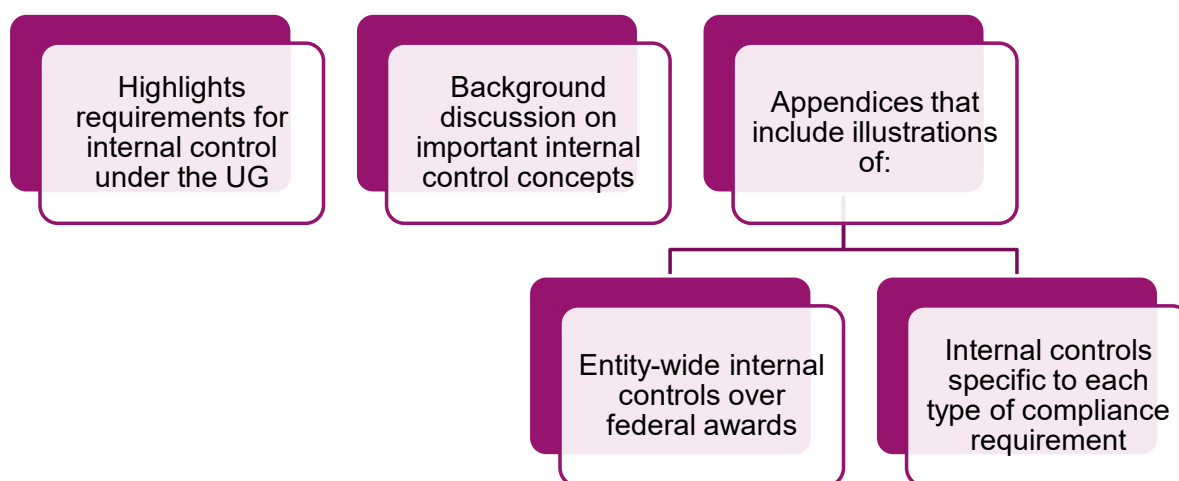
*** Remaining program now included as a separate program in Part 4**

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Part 6 Reminders

Good resource for both Auditees and Auditors



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Part 7 Reminders

Use Part 7 to help identify compliance requirements and to develop your audit approach/program

- What are the program objectives, program procedures, and compliance requirements for a specific program?
- Which of the compliance requirements could have a direct and material effect on the program?
- Which of the compliance requirements are susceptible to testing by the auditor?
- Into which of the 12 types of compliance requirements does each compliance requirement fall?
- For Special Tests and Provisions, what are the applicable audit objectives and audit procedures?

Watch the archived GAQC Web event, [Hot Topics in Auditing Pandemic Funding](#), which delves into using Part 7 in more detail

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Appendix IV - 2024 “Higher Risk” Programs

Assistance Listing (CFDA) Number	Title
93.778/93.777/93.775**	Medicaid Cluster
21.023*	Emergency Rental Assistance
21.027*	Coronavirus State and Local Fiscal Recovery Funds
15.252**	Bipartisan Infrastructure Law (BIL) Abandoned Mine Land (AML) Grants

Appendix IV has been renamed to “Higher Risk Designation.” This Appendix removed the previous list of programs which have “Other Information” sections in Part IV of the Supplement.

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* Supplement identifies these programs as being considered 100% COVID-19 funding or IIJA funding.

** Supplement identifies these programs as being existing programs that received additional funding from one or more of the COVID-19 laws or the IIJA.

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			Unofficial	
Agency	Assistance Listing (CFDA) Number	Title	Type A	Type B
HHS **	93.778/93.777/93.775	Medicaid Cluster	COVID-19 or IJA "material" Must Audit, if Not Very Strong Consideration	Consider
Treasury*	21.023	Emergency Rental Assistance	Must Audit	Consider
Treasury*	21.027	Coronavirus State and Local Fiscal Recovery Funds	Must Audit	Consider
Interior **	15.252	Abandoned Mine Land Reclamation AMLR	COVID-19 or IJA "material" Must Audit, if Not Strong Consideration	Consider

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Appendix IV - Programs Removed from Higher Risk List

84.425 – Education Stabilization Fund

93.498 – Provider Relief Fund

21.026 – Homeowner Assistance Fund

21.029 – Coronavirus Capital Projects Fund

96.001/96.006 – Disability Insurance/ Supplemental Security Income

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Appendix VII – Other Audit Advisories

The most significant updates are as follows:

Due date for submission of audit reports and low-risk auditee criteria – Emphasizes that the auditor considers both the 30-day aspect of the single audit due date AND the nine-month aspect (prior Supplements only referred to the nine-month aspect)

Among the audit procedures described:

Obtain a copy of the DCF and reporting package for prior-year

- Calculate the “Due Date” to file
- Compare the initial “FAC Accepted Date” to the earlier of 9 months and 30 days to determine if due date was met.

Contact the FAC Help Desk if additional information is needed

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What is the Single Audit Submission Due Date?

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

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Appendix VII – FAC Transition

GSA took over the FAC from the U.S. Census Bureau on October 2, 2023, and is accepting:

- Single audits with periods ending in 2023 and 2024
- Single audits of other periods that were not submitted as required to Census before October 1, 2023
- Resubmissions

This section has been updated to describe the FAC transition and all previous waivers granted. Note that there are no new waivers provided by OMB.

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FAC Transition – Other Notes

GAQC has been working with the FAC team to help smooth over some of the early hurdles – things have been improving but work still to be done

- Login changes as compared to Census (login.gov)
- No real form – submissions made through a series of Excel workbooks
- Search function evolving
- Tribal updates
- Still no e-mail reminders

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For more information about the GSA FAC, watch these GAQC archived events:

[GAQC 2024 Single Audit Lightning Round](#)

[New GSA Federal Audit Clearinghouse and Related Auditor Tips](#)

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Other FAC Reminders

Need assistance?

- The GSA FAC [single audit submission resources page](#) is a good place to start
- A detailed [submission guide](#) is available that will walk you through creating a login.gov account, completing the required workbooks, certifying the information, and making the submission
- Updates on items GSA working on can be found at: <https://www.fac.gov/info/updates>
- FAC Help Desk: <https://support.fac.gov/hc/en-us>



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Appendix VII – Other Reminders

Requirement to separately identify COVID-19 expenditures on the SEFA and DCF retained

- SEFA: on a separate line by ALN with “COVID-19” as a prefix to the program name
- DCF: on a separate row with "COVID-19" in Part II Item 1c, *Additional Award Identification*
- Although not discussed in Appendix, Education has issued separate identification guidance for its programs that use alpha characters

Note that Appendix VII did not establish similar SEFA and DCF requirements for IIJA funding

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Appendix VII also states that auditors should include the COVID-19 identification for audit findings

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Specific program updates for commonly audited programs



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Part 4 - Frequently Most Audited Major Programs

ALN	Program Name	# of Times Audited	Changes in 2024
84.425	Education Stabilization Fund	7592	No substantive changes
10.555/10.553/10.559/10.556/10.582	Child Nutrition Cluster	2056	See slides
21.027	Coronavirus State and Local Fiscal Recovery Funds	2123	See slides
84.027/84.173	Special Education Cluster (IDEA)	1794	No substantive changes
84.010	Title 1 Grants to Local Educational Agencies	1217	No substantive changes
14.157	Supportive Housing for the Elderly	1183	See slides
84.268/84.063/84.033/84.007/84.038	Student Financial Assistance Cluster	1208	See slides

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Child Nutrition Cluster

Allowable Costs - description added that a School Food Authority must account for all revenues and expenses of its non-profit food service in accordance with state and federal requirements and operate it on a non-profit basis

Eligibility for Subrecipients section was revised

- Added guidance on how sponsors may determine eligibility of closed enrolled sites
- Added guidance for non-congregate meal service sites

Revisions made to the Special Tests and Provisions requirement

- Accountability for USDA-Donated Foods updated for the inventory management compliance requirement
- Removal of the verification of free and reduced-price applications

Other Information states that FNS is interested in ensuring that procurements adhere to federal standards regarding potential conflicts of interest and documentation and disclosure of less than arm's-length transactions.

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Access an archived GAQC Web event, *Auditing the Most Common Programs Received by School Districts*, which may be useful for auditors auditing this cluster (as well as the Title 1 and the Special Education Cluster).

CSLFRF – 21.027

Substantive changes made to this program in part to reflect updates to the [CSLFRF FAQs](#) issued by Treasury and a [2023 Interim Final Rule](#)

- Definition of “obligation”
- Three new eligible use categories

Section is broken down into two sections

- Section 1 - Audits of CSLFRF performed under the Uniform Guidance.
- Section 2 - An alternative compliance examination engagement for certain eligible recipients

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**Continues
as a
“higher
risk”
program**

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CSLFRF - 21.027 – Section 1 – UG Audits

New eligible use categories:



Provide emergency relief from natural disasters or the negative economic impacts of natural disasters



Use funds for Surface Transportation projects under certain programs administered by DOT



Use funds for projects eligible under the programs established in Title 1 projects

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CSLFRF - 21.027 – Section 1 – UG Audits

Source of Governing Requirements significantly revised

- Pay attention to this section as it includes guidance for auditors about the interplay of the various rules and FAQs that Treasury has issued

Availability of Other Program Information section expanded to include additional resources and explanations of what they include

Activities Allowed or Unallowed

- Additional detail added to several of the broad eligible use categories about activities allowed (e.g., revenue loss, premium pay for essential workers)

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Access a 2 hour no-CPE archive of a previous GAQC CSLFRF Web event which covers auditing considerations for this program.

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CSLFRF - 21.027 – Section 1 – UG Audits

Allowable Costs/Cost Principles

- Guidance added regarding disallowable operating expenses for certain surface transportation projects
- Clarifies that internet service provider subrecipients that receive fixed amounts subawards are not required to comply with subpart E.

Matching, Level of Effort, Earmarking

- Matching and Level of Effort are now subject to audit and detailed guidance about the requirements for each has been added
- New earmarking requirement added for Surface Transportation and Title 1 projects.

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CSLFRF - 21.027 – Section 1 – UG Audits

Period of Performance expanded to address the three new eligible uses for costs incurred and to expand the guidance addressing “obligations” for those eligible uses

Reporting

- Added more explanatory information about the Project and Expenditure Report in the performance reporting section
- Clarification added to the key line items in the performance reporting section related to capital expenditures.

Subrecipient Monitoring

- Added guidance for broadband infrastructure investment projects

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CSLFRF – 21.027 – Alternative Compliance Examination Engagement – A Reminder

Permits eligible recipients to engage a practitioner to perform a compliance examination engagement of the CSLFRF program

- Use AICPA Statements on Standards for Attestation Engagements (AT-C section 315, [Compliance Attestation](#)); and
- [Government Auditing Standards](#) (chapter 7, *Standards for Attestation Engagements and Reviews of Financial Statements*, focuses on attestation engagements)

Practitioner tests narrowly scoped compliance requirements relating to A/B - Activities Allowed or Unallowed/Allowable Costs and Cost Principles

Results in an examination opinion on compliance

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Access a comprehensive GAQC Practice Aid, [Compliance Attestation Examinations of Certain Eligible Recipients of the Coronavirus State and Local Fiscal Recovery Funds Program](#)

CSLFRF – 21.027 – Alternative Compliance Examination Engagement – A Reminder

Who is Eligible?

An CSLFRF recipient that spends \$750,000 or more in federal awards during its fiscal year is eligible to have an auditor perform an ACEE if:

1. The recipient's total CSLFRF award received directly from Treasury or received (through states) as a non-entitlement unit of local government is at or below \$10 million; **AND**
2. Other federal award funds the recipient expended (not including its direct CSLFRF award funds) are less than \$750,000 during the recipient's fiscal year.

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CSLFRF – 21.027 – Section 2 – Alternative Compliance Examination Engagement

No changes made to the eligibility requirements

Expanded to include the new eligible use categories and to make other changes consistent with Section 1

Submission instructions were updated in the Other Information section, but they are not reflective of the current state which is as follows:

- The FAC is not currently able to accept these engagements; they should now be submitted via the Treasury portal.
- See the [April 2024 Treasury Project and Expenditure Report User Guide](#) for more guidance (beginning at page 79)

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Supportive Housing for the Elderly (Section 202) – 14.157

Program Procedures

- Regulatory updates added
- Revision added to state that the initial project rental assistance contract term is up to 5 years and subsequent contracts are renewable for up to a 5-year term.

Activities Allowed/Unallowed

- Expanded this section to describe in more detail the activities owners are allowed to perform.

The Reporting compliance requirement is no longer subject to audit

Other Information

- Removed the CARES Act Funding section since no longer relevant

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Student Financial Assistance Cluster

Clarification of the Matrix for Activities Allowed to clarify that it is subject to audit for HHS programs but not subject to audit for Education programs

Cash Management includes a revised description of Cash Management Program Requirements for Direct Loans – Monthly Reconciliations

Eligibility includes a new requirement section for Pell Grants for confined or incarcerated individuals

Changes were made to Reporting (under Special Reporting) relevant to the Fiscal Operations Report and Application to Participate requirements under Special Reporting

One new Special Test and Provision was added on Institutional Eligibility

Revisions made to the audit objectives and suggested procedures under other various Special Tests and Provisions.

Other Information section updated to include upcoming 2024-25 changes due to the Free Application for Federal Student Aid

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Student Financial Assistance – Other Updates

Electronic announcement, [General-23-121-Requirement for Institutions to Have Certain Calculations Related to Institutional and Program Eligibility Substantiated by an Independent Auditor](#)

- Auditors should substantiate the calculation of certain institutional eligibility ratios

Electronic announcement [General-23-117-Institutional Reporting and Department Treatment of Certain U.S. Army Tuition Assistance Funds for Purposes of the 90/10 Calculation](#)

- Proprietary Schools

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Announcement 23-121 is effective for award years ending on June 30, 2025

Announcement 23-117 is related to the [Education Audit and Attestation Guide](#)

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Student Financial Assistance – Related Parties

If Title IV funding (SFA) is received from the U.S. Department of Education (Education), you should be aware of the final regulation titled, [Financial Responsibility, Administrative Capability, Certification Procedures, Ability to Benefit \(ATB\)](#), which requires **certain** institutions participating in the SFA program, among other things, to disclose:

- “All” related party transactions in their audited financial statements.
- Details such as related party name, location and description
- The absence of related party transactions or outstanding balances.

See specific language in 34 CFR 668.23(d)(1) and read [FAQs issued by Education on the above rule](#)

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Effective date of the regulation is for financial statements submitted to the Department on or after July 1, 2024

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Student Financial Assistance – Related Parties

The AICPA has developed and just released a TQA on the audit and reporting implications of the Education requirement

Discusses 2 options for the auditor depending on how an institution presents the additional related party information

- The related party disclosure addressing both GAAP and the Education requirement is covered by the auditor's opinion
 - If the auditor is unable to obtain sufficient appropriate audit evidence about the related party disclosure, modification to the auditor's opinion may be necessary
- The information to meet the Education requirement is clearly differentiated and not covered by the auditor's opinion
 - The separate note containing the Education-required information would be marked unaudited

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The TQA is now available at:
<https://www.aicpa-cima.com/resources/download/tqa-section-6960-13>

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Student Financial Assistance – Related Parties

Auditor considerations discussed in the TQA when the related party disclosure is covered by the auditor's opinion

- Procedures in AU-C Section 550, *Related Parties*, may be adapted as appropriate for the additional disclosures
- The auditor should make inquiries of management and others and perform other risk assessment procedures to obtain an understanding of controls
- The auditor may consider establishing a lower materiality for the additional disclosures
- Management should provide written representations specific to the additional disclosures

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The auditor is providing reasonable assurance which is not absolute assurance and therefore is not a guarantee

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Uniform Guidance revisions



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UG Revisions

OMB issued final revisions to the UG in a [Federal Register notice](#) on April 22, 2024 and [transitional guidance to federal agencies](#) on August 15, 2024

A [redline document](#) showing the UG revisions is also available with several [reference guides](#)

The effective date stated in the FR notice is October 1, 2024 (applied to awards issued on or after that date)

A [memo to federal agencies](#) further discusses effective date and the implementation of the new regulation

- Federal agencies can apply the new guidance prior to October 1, 2024, but they are not required to do so
- Federal agencies cannot apply the new changes prior to June 21, 2024 (60 days from the release of the final rules)

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UG Revisions – Auditor Changes

The threshold for audit increases from \$750K to \$1 million.

The Type A threshold increases to \$1 million and the amount of awards expended for which it applies is increased from \$25 million to \$34 million.

The questioned costs definition is revised, and examples have been provided to help provide further clarification.

For audit findings where the auditor indicates the amount of questioned costs, is "undetermined" or "unknown," the auditor will have to explain why.

Throughout subparts A - E of the regulation the use of the term non-federal entity has been replaced with recipient and/or subrecipient.

- Subpart F, *Audit Requirements*, retains the non-federal entity term to align with the Single Audit Act.

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UG Revisions – Auditee Changes

The following are a few examples:

- Revises the template text for a Notice of Funding Opportunity
- Raises the de minimis indirect cost rate from 10% to 15%
- Removes the requirement that indirect cost rates be available on a governmental website
- Raises equipment and supply thresholds from \$5,000 to \$10,000
- Removes prior written approval for 10 items of cost
- Modifies and expands many definitions such as period of performance and questioned costs
- Modifies the definition of "Modified Total Direct Costs" to exclude subaward costs above \$50,000
- Revises areas of the cost principles including clarification of pension costs
- Added requirement related to cybersecurity measures.

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Appendix VII – UG Revisions



New section that clarifies the effective date of the increase in the single audit threshold to \$1 million (established in the recently revised UG)



Effective date threshold increase is for auditee fiscal years beginning on or after October 1, 2024 (that is, fiscal year ends September 30, 2025, and later)



Although Appendix VII is silent, it is our understanding that this same effective date applies to increase in the type A threshold to \$1 million



This section also discusses the broader government-wide effective date of the UG (for awards issued on or after October 1, 2024), how federal agencies may elect to implement the revisions as early as June 21, 2024, and the related auditor implications (see next slide)

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UG Revisions – Compliance Supplement Appendix VII

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.

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UG Revisions – Effective Date Considerations

Common Questions to Date	Answer
Can we adopt the new audit threshold for our client base for their June 30, 2024, audits?	No. Can't adopt it until audits of years ending September 30, 2025, or later
Should I adopt the new \$1 million type A program threshold for our June 30, 2024, audits?	No. Can't adopt until audits of years ending September 30, 2025, or later
How will we deal with testing compliance when some awards will be subject to the current UG and some the new UG?	You will need to determine the UG criteria relevant to each award. We expect the 2025 Supplement to address both the current and new UG requirements in Part 3.
How can I determine if an award is subject to the current UG or the new UG?	For new awards, will be based on the date. Can also look to the terms and conditions.
During the transition from Circular A-133 to the UG (ten years ago), there was a concept of incremental funding into existing awards that allowed the new rules to be applied. Will that same concept apply this time?	We are unsure. Will need to wait for OMB guidance.

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UG Revisions – Effective Date Considerations

Common Questions to Date	Answer
What about subawards?	Will depend whether the new UG applied to the funding the subaward came from.
The new rule says some agencies can adopt the new UG in their awards as early as June 2024. How will we know which agencies have done this?	We have heard only 1 federal agency has requested this ability from OMB. We believe OMB will disclose which have been approved to do so.
There seem to be a lot of transitional issues and questions. Will OMB be issuing guidance?	Yes. They are working on it. It will likely cover both transition issues from the auditee's perspective and the auditor's perspective.

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Other single audit updates and reminders



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SAS No. 148, *Amendments to AU-C section 935*

Amends AU-C section 935, Compliance Audits, to update the appendix "AU-C Sections That Are Not Applicable to Compliance Audits"

Conforms AU-C section 935 to reflect the issuance of:

- SAS No. 142, *Audit Evidence* (AU-C section 500)
- SAS No. 145, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement* (AU-C section 315)

Identified controls for which the auditor evaluates design and determines implementation differ from financial statement audit

- Do not include controls over significant risks
- Include controls required to be tested for operating effectiveness by the governmental audit requirement

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Effective dates align with SAS 142 and SAS 145; Changes in Appendix are already effective (to align with SAS 142) and the rest of the standard is effective for audits of periods ending on or after December 15, 2023.

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SAS No. 148 - Reminders, Clarifications, and Changes Regarding Risk Assessment

For identified risks of material noncompliance for each applicable compliance requirement, the auditor should assess inherent risk by assessing the likelihood and magnitude of noncompliance

For identified risks of material noncompliance for each applicable compliance requirement, the auditor should assess control risk based on the auditor's understanding of controls and the auditor's plan to test the operating effectiveness of controls.

- If controls are not tested for operating effectiveness, control risk is at the maximum level

Document identified and assessed risks and rationale for significant judgments

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Refer to the Appendix of AU-C 935 to understand requirements in GAAS that do not apply to compliance audits.

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AICPA Audit Guide, Government Auditing Standards and Single Audits

Key resource for auditors; 2024 edition was released in August

Changes:

- Conforming changes relevant to SAS 148 and risk assessment
- Updates to certain pandemic funding information
- Updates for FAC changes



Order when published at: <https://www.aicpa-cima.com/cpe-learning>

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GAO - Yellow Book - 2024 Revision Issued

New Chapter 5 titled, Quality Management, Engagement Quality Reviews, and Peer Review

Clarifies when the concept of reporting key audit matters, previously introduced in AICPA auditing standards, might apply

Effective date aligns with AICPA's SQMS standards

- Effective for financial audits, attestation engagements and reviews of financial statements for periods beginning on or after December 15, 2025.
- Early implementation is permitted

[Access the standards](#)

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Yellow Book - 2024 Revision Issued

Nongovernment audit organizations subject to the [AICPA's quality management standards](#) should comply with those quality management requirements, as well as specific additional requirements as follows:

- If an engagement is terminated before it is completed and an audit report is not issued, a requirement to document the results of the work to the date of termination and why the engagement was terminated.
- If auditors change the engagement objectives during the engagement, a requirement to document the revised engagement objectives and the reason for the changes.
- Quality objectives relevant to resources should address that auditors performing work in accordance with the Yellow Book meet its CPE requirements.

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GAO - Green Book - 2024 Exposure Draft

Standards for Internal Control in the Federal Government (commonly known as the Green Book) last revised in 2014

- [Access the exposure draft](#); comments due by August 26, 2024

May be adopted by federal entities outside the executive branch and nonfederal entities, such as state, local, and quasi-governmental entities and nonprofit organizations, as a framework for an internal control system

Planned effective date is October 1, 2025

- The standards will also be effective for Federal Managers' Financial Integrity Act of 1982 (FMFIA) reports covering fiscal years beginning on or after October 1, 2025.

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GAO - Green Book - 2024 Exposure Draft

Proposed revision:

- Addresses risks related to fraud, improper payments, information security, and the implementation of new or substantially changed programs, including emergency assistance programs
- Provides additional requirements, application guidance, and resources for addressing these risk areas when designing, implementing, and operating an effective internal control system
- Continues harmonization with the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control - Integrated Framework
- Makes other modifications to clarify the intent of the requirements
- Emphasizes prioritizing preventive control activities
- Highlights management's responsibility for internal control at all levels and within all functions in the entity's organizational structure, such as program and financial managers

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GAO Study on FAC Data

GAO released study in April: [Single Audits: Improving Federal Audit Clearinghouse Information and Usability Could Strengthen Federal Award Oversight](#)

Found data problems, some of which were related to auditor-submitted data

Recommends Congress amend the Single Audit Act to require OMB to initiate a governmentwide single audit quality review at a regular interval and includes ten other recommendations for GSA and OMB

- Update: [S.4716 - Financial Management Risk Reduction Act](#) introduced by Senate Homeland Security and Governmental Affairs Committee

Relevant focus points for your upcoming single audits:

- Ensuring data entered by the auditor is consistent across the various sections of the submission and that it matches the information in the reporting package
- If findings are reported, ensure that the required findings text is entered accurately as required

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Single Audit - HHS-OIG New Single Audit Web Page

Intended to help stakeholders strengthen their understanding of the scope of single audits and to improve audit quality

The new page includes a section on [HHS OIG oversight activities](#) which details the OIG efforts around performing quality control reviews and desk reviews.

It also includes summaries of common quality deficiencies in [HHS desk reviews](#) and common quality deficiencies noted in [HHS quality control reviews](#).

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You can access the HHS-OIG Web Page [here](#).

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Single Audit - Common Audit Quality Findings from Peer Review, Ethics and HHS-OIG Reviews



For a deep dive into single audit quality findings and how to avoid them, watch the GAQC archived event:

[What Federal Agencies are Finding in Single Audit QCRs](#)

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Looking Forward: Increase in Federal Scrutiny of Single Audits and Other Compliance Audits

Expected increase in the number of quality control reviews and desk reviews performed by federal agencies, particularly for audits involving pandemic funding

When agencies request access to audit documentation, refer to audit interpretation noted on prior slide

If you are selected for a quality control review, be sure to consult within your firm/organization to determine protocols for such requests

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Looking Forward: 2025 Supplement Process

OMB has recently begun the 2025 Supplement update

Expect a similar level of change as this year

- Changes to Part 3 for the recent UG
- Approximately 100 programs with changes expected
- Some COVID-19 guidance will need to be removed
- New IIJA program sections or revisions to existing programs for IIJA provisions
- Continued improvements to Part 4 reporting sections

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Looking Forward: 2025 AICPA GAS-SA Guide

AICPA task force is working on enhanceive updates to this Guide for future editions

Matters to be addressed:

- A reorganization of the Guide to include a flow more similar to how a single audit is actually performed
- Risks of material noncompliance discussion enhancements
- Moving sampling guidance to compliance and internal control chapters, as applicable (versus current approach of a separate sampling chapter)
- More focus on evaluating exceptions

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Slide 64

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Updated to make more definitive that we are doing this versus considering this.

Mary Foelster, 2024-08-08T13:43:03.546

20 Years Dedicated to Governmental Audit Quality!

Milestones

- Council approved concept in 2003
- Center launched September 2004
- SAO membership began in 2009

Looking Forward

- Focus on advocacy efforts
- Find additional ways to expand our offerings and provide best practices
- Continue to be a place for members to turn for guidance and support when performing governmental audits



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Governmental Audit
Quality Center

GAQC and Other AICPA Resources



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GAQC Web Site (www.aicpa-cima.com/topic/government)

Key areas to check out and/or bookmark:

- [GAQC Alert Archive Library](#)
- [Archived GAQC Web events](#)
- [Illustrative Auditor's Report Resource Center](#)
- [OMB Compliance Supplement Resource Center](#)
- [Single Audit Resources](#)

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GAQC Resources

Auditees

Access GAQC Web event, [Preparing for Your First Single Audit: An Auditee Perspective](#)

Other GAQC resources for auditees

- [Procuring Governmental Services](#)
- [Tips for organizations subject to single audit requirements](#)
- [Getting Ready for a Single Audit](#)
- [FAQs for Organizations Needing a Single Audit](#)

Auditors

- Access GAQC 4-part 8-hour [Single Audit Fundamentals Events](#) (CPE offerings offered periodically)
- Practice Aid, [Government Auditing Standards Primer](#)
- [Single audit tips for auditors](#)
- [Smart Sampling in a Single Audit](#)
- [Tackling Internal Control Over Compliance in a Single Audit](#)

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Remaining AICPA 2024 Government Conferences Governmental and Not-for-Profit Training Program, October 28 - 30, 2024, Las Vegas, NV *

GAQC members get a discount when using code “GAQC” at checkout

*hybrid in-person and virtual event

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Other AICPA Resources

Audit and Assurance

A&A Technical Hotline (877) 242-7212
techinquiry@aicpa.org

Ethics Division (including AICPA Ethics Code)

Ethics Hotline (877) 777-7077
ethics@aicpa.org

Not-for-Profit Section - For individuals
interested in NFP A&A

Quality Management resources

Peer Review



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Questions?

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Thank You!

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